

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee Members
FROM Craig Harper, JBC Staff (303-866-3481)
DATE March 13, 2018
SUBJECT Outstanding Questions for School Finance Recommendations

In preparation for the Committee's FY 2018-19 budget balancing process, staff is providing a preliminary recommendation for school finance appropriations (State Share of Districts' Total Program Funding line item) in FY 2018-19. The preliminary staff recommendation builds on the following assumptions:

- *Budget Stabilization Factor:* Current law (as enacted in S.B. 17-296 (School Finance)) will not allow the budget stabilization factor to increase as a dollar amount from FY 2017-18 to FY 2018-19. Thus, based on the changes in H.B. 18-1171 (FY 2017-18 Mid-year School Finance Adjustments) the staff recommendation *for the Long Bill appropriation* holds the budget stabilization factor constant at \$822,396,894 in FY 2018-19. Staff assumes that any changes to that amount will be enacted in the School Finance Bill and that General Fund would support the additional appropriations.
- *ASCENT Slots:* As discussed in the FY 2018-19 JBC Staff Figure Setting Document for the Department of Education (figure setting document), staff recommends reducing the number of "new" slots provided for the Accelerating Students Through Concurrent Enrollment (ASCENT) program from 600 in FY 2017-18 to 500 in FY 2018-19. This change reduces the pupil count and the appropriations necessary to support school finance.
- *Use of One-time Funding:* As discussed in the figure setting document, staff currently projects that the two cash funds supporting total program will end FY 2017-18 with significant fund balances, including \$161.8 million in the State Education Fund (\$61.8 million above the recommended minimum of \$100.0 million) and \$96.1 million in the State Public School Fund (\$91.1 million above the recommended \$5.0 million minimum). The excess fund balances (minus a \$7.0 million "set aside" for school safety in the State Public School Fund negotiated in H.B. 18-1171) are available for appropriation in FY 2018-19. However, as discussed in prior years, the use of significant one-time funding for school finance increases the General Fund increase required in subsequent years. As in prior years, staff recommends pacing the use of one-time funds to reduce the risk of General Fund "spikes" in subsequent years.
- *Other Spending and Set-asides:* The Governor's FY 2018-19 budget request proposes to provide \$30.0 million in additional assistance to rural school districts from the State Education Fund in FY 2018-19 (continuing a program supported with marijuana tax revenues on a one-time basis in FY 2017-18). Based on the staff recommendation in the figure setting document to reject that request, the preliminary staff recommendation for total program funding assumes that the \$30.0 million in question are available for school finance.

STAFF RECOMMENDATION

The table on the following shows the components of the staff recommendation for FY 2018-19 and preliminary projections for FY 2019-20 and FY 2020-21 (assuming a flat budget stabilization factor through FY 2020-21). As shown in the table:

- Maintaining the budget stabilization factor at \$822.4 million increases projected statewide average per pupil funding from \$7,662 in FY 2017-18 to \$7,959 in FY 2018-19, an increase of \$297 per pupil (3.9 percent).

- The recommendation targets FY 2018-19 ending balances of \$130.0 million in the State Education Fund and \$50.0 million in the State Public School Fund in order to pace the use of one-time funding and reduce the size of the General Fund increase in FY 2019-20.
- The recommendation requires an increase of \$55.1 million General Fund in FY 2018-19, followed by increases of \$191.9 million in FY 2019-20 and \$159.4 million in FY 2020-21. Holding the budget stabilization factor constant but using all of the one-time funding in FY 2018-19 would allow for General Fund savings in FY 2018-19 but would require an increase of \$291.4 million in FY 2019-20, highlighting the benefit of pacing the use of those funds.

TOTAL PROGRAM PROJECTIONS THROUGH FY 2020-21				
	FY 2017-18 APPROP.	FY 2018-19 STAFF REC.	FY 2019-20 ESTIMATE	FY 2020-21 ESTIMATE
Funded Pupil Count	865,016.9	870,552.6	872,862.2	874,484.0
Total Program Before BSF	\$7,450,314,093	\$7,751,216,536	\$7,975,603,568	\$8,190,180,722
Budget Stabilization Factor	(822,396,894)	(822,396,894)	(822,396,894)	(822,396,894)
Total Program After BSF	\$6,627,917,199	\$6,928,819,642	\$7,153,206,674	\$7,367,783,828
Statewide Average Per Pupil Funding	\$7,662	\$7,959	\$8,195	\$8,425
Local Share	\$2,506,844,504	\$2,542,655,348	\$2,588,423,144	\$2,686,783,223
State Share	\$4,121,072,695	\$4,386,164,294	\$4,564,783,530	\$4,681,000,605
General Fund	3,892,433,539	3,947,492,990	4,139,402,331	4,298,768,606
State Education Fund	228,639,156	342,643,430	302,274,629	302,274,629
State Public School Fund	0	96,027,874	102,534,896	57,534,896
State Public School Fund - Marijuana	0	0	20,571,674	22,422,474
Total Change in State Share	n/a	\$265,091,599	\$178,619,236	\$116,217,075
Change in General Fund	n/a	55,059,451	191,909,341	159,366,275
State Education Fund Ending Balance	\$161,768,454	\$130,000,000	\$100,000,000	\$100,000,000
SPSF Ending Balance*	\$96,068,255	\$50,000,000	\$5,000,000	\$5,000,000

*Excludes marijuana tax revenues.

OUTSTANDING QUESTIONS

As discussed above, staff has based the recommendation on a series of assumptions, each of which is subject to change by Committee action. Looking toward the budget balancing process, staff recommends that the Committee consider the following questions (which may affect the appropriations and fund sources required in FY 2018-19).

- 1 Do the Committee and the General Assembly intend to reduce the value of the budget stabilization factor in FY 2018-19? The Governor has proposed a reduction of \$94.1 million below the staff recommendation (from \$822.4 million to \$728.3 million)
- 2 The staff recommendation sets aside \$7.0 million in the State Public School Fund for school safety measures in FY 2018-19. Does the Committee wish to set aside additional funds for legislation (e.g., assistance to rural schools proposed by the Governor or other legislation) or other priorities? Setting aside additional cash funds would increase the need for General Fund.
- 3 Does the Committee agree with the staff recommendation to reduce the number of ASCENT slots in FY 2018-19? This is a relatively minor adjustment but does affect total program funding.

Staff will return to the Committee during the budget balancing process to provide a final recommendation incorporating the March 2018 revenue forecast(s) and Committee decisions.

JOINT BUDGET COMMITTEE



STAFF FIGURE SETTING FY 2018-19

DEPARTMENT OF EDUCATION

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

PREPARED BY:
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MARCH 13, 2018

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HOW TO USE THIS DOCUMENT

The Department Overview contains a table summarizing the staff recommended incremental changes followed by brief explanations of each incremental change. A similar overview table is provided for each division, but the description of incremental changes is not repeated, since it is available under the Department Overview. More details about the incremental changes are provided in the sections following the Department Overview and the division summary tables.

Decision items, both department-requested items and staff-initiated items, are discussed at the beginning of the most relevant division. Within a section, decision items are listed in the requested priority order, if applicable.

DEPARTMENT OVERVIEW

The elected members of the State Board of Education are responsible for the general supervision of public schools throughout Colorado. The Commissioner of Education, appointed by the State Board, advises the State Board concerning the operation and status of public schools and serves as the executive officer of the Department of Education. Among other tasks and responsibilities, the Department supports the Board in its duties by:

- Accrediting public schools and school districts.
- Developing and maintaining state model academic content standards and administering associated student assessments for certain subject areas and grade levels.
- Issuing school and district performance reports for every public school and school district in the state.

The Department also administers a number of education-related programs, including: educator licensure and professional development; the School Finance Act and the distribution of state and federal funds to school districts; special education for children with disabilities; English language proficiency programs; the Colorado Preschool Program; educator effectiveness and evaluation programs; and adult basic education programs.

The Department includes three independent agencies: (1) the Board of Trustees for the Colorado School for the Deaf and the Blind; (2) the State Charter School Institute Board, which is responsible for authorizing and monitoring the operations of institute charter schools located within certain school districts; and (3) the Public School Capital Construction Assistance Board, which is responsible for assessing public school capital construction needs statewide and making recommendations concerning the prioritization and allocation of state financial assistance for school construction projects.

In addition to its duties related to public schools, the Department is charged with promoting the improvement of library services statewide to ensure equal access to information, including providing library services to persons who reside in state-funded institutions and to persons who are blind or physically disabled.

SUMMARY OF STAFF RECOMMENDATIONS

DEPARTMENT OF EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$5,595,962,364	\$4,102,153,140	\$811,003,279	\$34,572,434	\$648,233,511	598.5
Other legislation	(77,372)	18,414	(95,786)	0	0	0.7
HB 18-1159 (Supplemental Bill)	357,990	0	0	357,990	0	0.0
HB 18-1171 (Mid-year School Finance)	0	0	0	0	0	0.0
TOTAL	\$5,596,242,982	\$4,102,171,554	\$810,907,493	\$34,930,424	\$648,233,511	599.2
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$5,596,242,982	\$4,102,171,554	\$810,907,493	\$34,930,424	\$648,233,511	599.2
R1/BA1/BA4 Total program increase	234,835,243	69,194,762	165,640,481	0	0	0.0

DEPARTMENT OF EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
R2 Categorical programs increase	10,119,157	0	10,119,157	0	0	0.0
R3 Staffing information management systems	318,721	318,721	0	0	0	2.7
R4 State Board meeting transcription	140,408	140,408	0	0	0	0.0
R5 CSDB teacher salary increase	87,666	87,666	0	0	0	0.0
R6 CSI mill levy equalization	0	0	0	0	0	0.0
R7 Career development success pilot increase	1,000,000	1,000,000	0	0	0	0.0
BA2 HCPF interagency agreement	(26,260)	0	0	10,878	(37,138)	0.0
BA3 Rural teacher recruitment and grow your own program	0	0	0	0	0	0.0
SI Facility schools adjustment	1,508,255	0	1,478,682	29,573	0	0.0
SI Breakfast after the bell adjustment	(29,389,256)	0	0	0	(29,389,256)	0.0
SI Assessment adjustments	(1,602,362)	0	484,592	0	(2,086,954)	0.0
Non-prioritized items	9,781	9,781	0	0	0	0.0
Centrally appropriated line items	1,556,662	554,865	286,547	143,931	571,319	0.0
Indirect cost assessment adjustment	750,401	0	86,972	0	663,429	0.0
Financial transparency system maintenance	600,000	0	600,000	0	0	0.0
Educator licensure increase	138,000	0	138,000	0	0	0.0
Fund source adjustments	0	(11,425)	0	11,425	0	0.0
Annualize prior year budget actions	(1,433,731)	(997,855)	568,992	(1,004,868)	0	0.0
Annualize prior year legislation	(239,048)	3,508	(242,556)	0	0	(0.3)
Annualize FY 2017-18 supplemental	(207,990)	0	0	(207,990)	0	0.0
Interstate compact adjustment	(1,437)	0	(1,437)	0	0	0.0
TOTAL	\$5,814,407,192	\$4,172,471,985	\$990,066,923	\$33,913,373	\$617,954,911	601.6
INCREASE/(DECREASE)	\$218,164,210	\$70,300,431	\$179,159,430	(\$1,017,051)	(\$30,278,600)	2.4
Percentage Change	3.9%	1.7%	22.1%	(2.9%)	(4.7%)	0.4%
FY 2018-19 EXECUTIVE REQUEST	\$5,892,698,353	\$4,179,106,596	\$1,024,518,775	\$40,236,878	\$648,836,104	602.2
Request Above/(Below) Recommendation	\$78,291,161	\$6,634,611	\$34,451,852	\$6,323,505	\$30,881,193	0.6

DESCRIPTION OF INCREMENTAL CHANGES

R1/BA1/BA4 TOTAL PROGRAM INCREASE: The Long Bill recommendations for school finance-related appropriations (including the State Share of Districts' Total Program Funding and Hold-harmless Full-day Kindergarten Funding) are pending the availability of data related to total program funding requirements for FY 2018-19. Pursuant to current law, the final staff recommendation will include the state funding necessary to maintain the budget stabilization factor in FY 2018-19 at the final level approved for FY 2017-18 (\$822,396,894 as adjusted in H.B. 18-1171). Based on preliminary estimates, staff anticipates that the Long Bill recommendation will require an increase of \$265.8 million total funds for the State Share of Districts' Total Program Funding. The amounts shown in the table above reflect the Governor's *requested* changes to school finance-related line items with the budget stabilization factor set at \$728,280,474 in FY 2018-19 and are relative to the original FY 2017-18 appropriation (prior to H.B. 18-1171).

R2 CATEGORICAL PROGRAMS INCREASE: The recommendation includes an increase of \$10,119,156 cash funds from the State Education Fund in order to increase total *state* spending on categorical programs 3.4 percent, based on the rate of inflation from CY 2017. The State Constitution requires the General Assembly to increase *total state funding* for all categorical programs (in aggregate) by at least

the rate of inflation in FY 2018-19. The following table shows the allocation of the recommended increase among seven categorical programs.

R2 STAFF RECOMMENDED INFLATIONARY INCREASES FOR CATEGORICAL PROGRAMS				
LONG BILL LINE ITEM	FY 2017-18 APPROPRIATION	STAFF RECOMMENDED CHANGE	FY 2018-19 STAFF REC. (STATE FUNDS)	PERCENT CHANGE
Special Education - Children with Disabilities	\$171,591,964	\$4,537,250	\$176,129,214	2.6%
English Language Proficiency Program	20,283,048	1,325,163	21,608,211	6.5%
Public School Transportation	57,651,722	1,447,428	59,099,150	2.5%
Career and Technical Education Programs	26,164,481	510,798	26,675,279	2.0%
Special Education - Gifted and Talented Children	12,355,524	172,517	12,528,041	1.4%
Expelled and At-risk Student Services Grant Program	7,493,560	2,000,000	9,493,560	26.7%
Small Attendance Center Aid	1,076,550	0	1,076,550	0.0%
Comprehensive Health Education	1,005,396	126,000	1,131,396	12.5%
Total	\$297,622,245	\$10,119,156	\$307,741,401	3.4%

R3 STAFFING INFORMATION MANAGEMENT SYSTEMS: As a companion to a capital construction information technology (IT) request (which will be addressed during capital construction IT figure setting scheduled for March 15, 2018), the request includes an increase of \$462,865 General Fund and 2.7 FTE to support additional IT staff (annualizing to \$493,364 General Fund and 3.0 FTE in subsequent years). The request includes two positions (1.8 FTE in FY 2018-19) focused on information security improvement and one position (0.9 FTE in FY 2018-19) intended to modernize and re-design the Department's public and private data reporting processes and systems. The final dollar amount of the staff recommendation is pending the Committee's decision on the capital construction IT request. If the Committee approves the capital construction IT request (which has been recommended by the Joint Technology Committee), then staff recommends approving an increase of \$318,721 General Fund and 2.7 FTE for FY 2018-19 (annualizing to a total of \$394,981 General Fund and 3.0 FTE in FY 2019-20 and subsequent years), including all three of the positions requested by the Department (as reflected in the table above). Staff recommends approval of the two information security positions (\$195,433 General Fund and 1.8 FTE for FY 2018-19) with or without approval of the capital IT request.

R4 STATE BOARD MEETING TRANSCRIPTION: The recommendation includes an increase of \$140,408 General Fund to support the transcription of State Board of Education meetings in response to a finding by the U.S. Department of Education's Office of Civil Rights (OCR) requiring the transcription of all meetings. The recommendation would support the anticipated contract costs to transcribe all meetings from January 2014 through FY 2018-19 and assumes ongoing costs of \$25,580 General Fund per year to continue to transcribe future monthly meetings.

R5 CSDB TEACHER SALARY INCREASE: The recommendation includes an increase of \$87,666 General Fund for salary increases for teachers employed at the Colorado School for the Deaf and the Blind (CSDB). Statute (Sec. 22-80-106.5, C.R.S.) requires the CSDB to compensate teachers based on the Colorado Springs District 11 salary schedule, using the CSDB's salary policies to implement the salary schedule. To align with the revised District 11 salary schedule for FY 2017-18 (the CSDB salaries lag District 11 by one year), the total recommendation of \$87,666 includes \$56,806 for experience step increases and \$30,860 for a 1.0 percent one-time (non-recurring) across the board increase.

R6 CSI MILL LEVY EQUALIZATION: The request includes an increase of \$11.0 million total funds (including \$5.5 million General Fund appropriated to the Mill Levy Equalization Fund and \$5.5 million reappropriated funds to appropriate those funds out of the cash fund) to equalize local mill levy override revenues for Colorado Charter School Institute (CSI) schools in FY 2018-19. Staff recommends that the Committee deny the request for a Long Bill appropriation to support mill levy equalization for CSI schools in FY 2018-19. Joint Budget Committee Staff and Office of Legislative Legal Services Staff agree that the Department's proposed methodology to distribute funds to CSI schools is not compatible with current law and that the proposed policy would require separate legislation. If the Committee wishes to begin equalizing local override revenues for CSI schools in FY 2018-19, staff recommends enacting legislation providing additional direction regarding the distribution of funds.

R7 CAREER DEVELOPMENT SUCCESS PILOT INCREASE: The recommendation includes an increase of \$1.0 million General Fund for the Career Development Success Pilot Program created in H.B. 16-1289. The funds would support additional incentive payments for school districts and charter schools to encourage high school students to complete qualified industry-recognized certificate programs, internships, pre-apprenticeship programs, and advanced placement computer science courses.

BA2 HCPF INTERAGENCY AGREEMENT: The request proposes a total appropriation of \$185,688 reappropriated funds for the S.B. 97-101 Public School Health Services line item, representing an increase of \$6,719 above the final FY 2017-18 appropriation. The recommendation includes the requested total appropriation of \$185,688 reappropriated funds associated with the program to align with the Department's interagency agreement with the Department of Health Care Policy and Financing. However, consistent with the Committee's standard practices, staff recommends reflecting \$148,550 in the S.B. 97-101 Public School Health Services line item and the remainder (\$37,138) in the Department's centrally appropriated line items (please note that this amount may change based on the Committee's common policy decisions). The recommendation eliminates \$37,138 federal funds to correct a technical error in the request and aligns the total appropriation (including the centrally appropriated amounts) with the departments' agreement.

BA3 RURAL TEACHER RECRUITMENT AND GROW YOUR OWN PROGRAM: The Governor's Office requests one-time funding of \$8.0 million cash funds from the Marijuana Tax Cash Fund (MTCF) in FY 2018-19 to establish the Rural Teacher Recruitment and Grown Your Own Program to support teacher recruitment and retention efforts by rural districts. The request includes a proposal for separate legislation to create the program but also proposes the creation of a new line item in the FY 2018-19 Long Bill to support the effort. Given that the request requires separate legislation, staff does not recommend the creation of a Long Bill line item to support the proposed program. Rather, staff recommends that any separate legislation intended to address the teacher shortage carry the appropriation necessary to implement the bill.

SI FACILITY SCHOOLS ADJUSTMENT: The recommendation includes an increase of \$1,478,682 cash funds from the State Education Fund for distributions to facility schools based on the Department's current estimates of facility school pupil counts in FY 2018-19 and the required per pupil funding for facility school students. The recommendation includes a related increase of \$29,573 reappropriated funds to align the appropriation for the Facility Schools Unit and Facility Schools Board with the statutory direction that the Department withhold 2.0 percent of facility school funding to support the operations of the Facility Schools Unit and Board.

SI BREAKFAST AFTER THE BELL ADJUSTMENT: The recommendation includes a decrease of \$29,389,256 federal funds currently reflected in the Breakfast After the Bell line item because those funds are also reflected (and actually accounted for) in the Federal Nutrition Program line item. Reflecting the funds in both line items overstates the Department's budget by \$29.4 million.

SI ASSESSMENT ADJUSTMENTS: The recommendation includes a net decrease of \$1,602,362 total funds (including an increase of \$484,592 cash funds from the State Education Fund that is offset by a reduction of \$2,086,954 federal funds) associated adjustments to line items associated with the statewide assessment program. The recommendation consolidates the existing Colorado Student Assessment Program line item and the Federal Grant for State Assessments and Related Activities line item into the renamed Statewide Assessment Program line item. The recommendation also adjusts state and federal appropriations to align with anticipated assessment contract costs in FY 2018-19 *and* federal revenues anticipated to be available in FY 2018-19.

NON-PRIORITIZED ITEMS: The recommendation for these items is pending the Committee's final decisions on the relevant common policies.

NON-PRIORITIZED ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP Annual fleet vehicle request	\$6,968	\$6,968	\$0	\$0	\$0	0.0
NP Cybersecurity liability insurance policy	2,813	2,813	0	0	0	0.0
TOTAL	\$9,781	9,781	\$0	\$0	\$0	0.0

CENTRALLY APPROPRIATED LINE ITEMS: The recommendation includes a net increase of \$1,556,662 total funds (including \$554,865 General Fund) related to employee benefits and other centrally appropriated line items. Several line items are pending the Committee's related common policies. The amounts in the following table represent the requested amounts for pending items.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment	\$1,474,713	\$515,668	\$214,113	\$161,344	\$583,588	0.0
Health, life, and dental adjustment	265,869	65,522	108,823	14,211	77,313	0.0
Payment to risk management / property funds adjustment	57,133	57,133	0	0	0	0.0
CORE adjustment	46,186	16,008	5,271	24,907	0	0.0
Workers' compensation adjustment	12,719	5,681	1,659	860	4,519	0.0
Shift differential adjustment	5,868	5,868	0	0	0	0.0
Legal services adjustment	(79,622)	(46,025)	(31,554)	(2,043)	0	0.0
Capitol Complex leased space adjustment	(68,480)	(4,602)	(9,487)	(12,786)	(41,605)	0.0
Payments to OIT adjustment	(60,961)	(23,147)	(7,632)	(30,182)	0	0.0
ALJ adjustment	(44,293)	0	(36,648)	(7,645)	0	0.0
Leased space adjustment	(21,619)	743	(752)	(4,094)	(17,516)	0.0
AED adjustment	(11,784)	(17,481)	21,495	54	(15,852)	0.0
SAED adjustment	(11,784)	(17,481)	21,495	54	(15,852)	0.0
Short-term disability adjustment	(7,283)	(3,022)	(236)	(749)	(3,276)	0.0
TOTAL	\$1,556,662	\$554,865	\$286,547	\$143,931	\$571,319	0.0

INDIRECT COST ASSESSMENT ADJUSTMENTS: The recommendation includes a net increase in the Department's indirect cost assessments.

FINANCIAL TRANSPARENCY SYSTEM MAINTENANCE: The recommendation includes an increase of \$600,000 cash funds from the Financial Reporting Fund to support the ongoing maintenance of the financial transparency system authorized in H.B. 14-1292 (Student Success Act). The original legislation transferred \$3.0 million cash funds from the State Education Fund to the newly created Financial Reporting Fund and continuously appropriated those funds to the Department for FY 2014-15 through FY 2017-18 to create a financial transparency system allowing for the comparison of expenditures across schools, districts, and other local education providers.¹ Money remaining in the Financial Reporting Fund (an estimated \$1.1 million at the end of FY 2017-18) is subject to legislative appropriation in FY 2018-19 and subsequent years. The Final Fiscal Note for H.B. 14-1292 assumes ongoing expenses of \$600,000 per year to maintain the system, and the recommendation provides that amount of funding (from the remaining balance of the Financial Reporting Fund) for FY 2018-19.

EDUCATOR LICENSURE INCREASE: The recommendation includes an increase of \$138,000 cash funds from the Educator Licensure Cash Fund to align appropriations with anticipated expenditures for the Office of Professional Services. Please note that the Educator Licensure Cash Fund has been continuously appropriated to the Department for FY 2011-12 through FY 2017-18, with appropriations from the fund reflected in the Long Bill for informational purposes only. House Bill 18-1100, which is currently awaiting the Governor's signature, extends the continuous appropriation through FY 2020-21.

FUND SOURCE ADJUSTMENTS: The recommendation includes a reduction of \$11,425 General Fund that is offset by an equal increase of reappropriated funds to reflect the anticipated transfer of facility school funding to the Colorado School for the Deaf and the Blind in FY 2018-19.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The recommendation includes adjustments related to budget actions and decision items included in prior year Long Bill appropriations. The table below summarizes each recommended annualization for FY 2018-19.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize Contingency Reserve Fund	(\$1,000,000)	(\$1,000,000)	\$1,000,000	(\$1,000,000)	\$0	0.0
Annualize FY 2017-18 Academic Standards Revision	(340,840)	0	(340,840)	0	0	0.0
Annualize CPP tax checkoff	(59,957)	0	(59,957)	0	0	0.0
Annualize FY 2017-18 School Health Professionals	(14,109)	0	(14,109)	0	0	0.0
Annualize prior year salary survey	(13,733)	1,493	(11,849)	(3,377)	0	0.0
Annualize merit base pay	(5,092)	652	(4,253)	(1,491)	0	0.0
TOTAL	(\$1,433,731)	(\$997,855)	\$568,992	(\$1,004,868)	\$0	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The recommendation includes adjustments related to prior year legislation. The table below summarizes each recommended annualization for FY 2018-19.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize SB 17-296 (School Finance)	\$48,375	\$0	\$48,375	\$0	\$0	0.0

¹ The system website is available at: <https://coloradok12financialtransparency.com/#/>

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize HB 17-1276 (Restrict Restraints)	3,508	3,508	0	0	0	0.0
Annualize H.B. 14-1118 (AP Incentives Pilot Program)	(260,931)	0	(260,931)	0	0	(0.3)
Annualize SB 17-025 (Marijuana Resource Bank)	(30,000)	0	(30,000)	0	0	0.0
TOTAL	(\$239,048)	\$3,508	(\$242,556)	\$0	\$0	(0.3)

ANNUALIZE H.B. 18-1159 (FY 2017-18 SUPPLEMENTAL): The recommendation includes a decrease of \$207,990 reappropriated funds to eliminate one-time funding provided in the Department's FY 2017-18 supplemental bill.

INTERSTATE COMPACT ADJUSTMENT: The recommendation includes a decrease of \$1,437 cash funds from the State Education Fund to align appropriations with the Department's dues for the Interstate Compact on Educational Opportunity for Military Children in FY 2018-19.

MAJOR DIFFERENCES FROM THE REQUEST

The recommendation includes the following major differences from the *request*:

- *Facility Schools:* An increase of \$1.5 million cash funds from the State Education Fund to align appropriations for Facility School Funding with the Department's current estimates of facility school attendance in FY 2018-19.
- *Categorical Program Funding:* An increase of \$1.2 million cash funds from the State Education Fund *above the request* to support a constitutionally required increase of \$10,119,156 above the FY 2017-18 appropriation for categorical programs. The recommendation allocates the increase among seven categorical programs. The increase above the request is driven by the actual inflation rate of 3.4 percent for CY 2017 as compared to the 3.0 percent assumed in the Department's request.
- *Total Program Funding:* A decrease of \$94.1 million total funds below the request for total program funding. The request proposes to set the budget stabilization factor at \$728.3 million in FY 2018-19. Based on current law, staff's Long Bill recommendation will maintain the budget stabilization factor at \$822.4 million in FY 2018-19, consistent with the final dollar amount in FY 2017-18 (as adjusted by H.B. 18-1171).
- *Rural School Funding:* A decrease of \$30.0 million below the request for additional per pupil funding provided to rural schools. Senate Bill 17-267 appropriated \$30.0 million cash funds originating from marijuana taxes for per pupil distributions to rural schools in FY 2017-18. The Department's request proposes to continue that level of funding with \$30.0 million cash funds from the State Education Fund in FY 2018-19. That request requires separate legislation and staff does not recommend providing an appropriation in the Long Bill.
- *Breakfast After the Bell:* A decrease of \$29.4 million federal funds previously reflected in the Breakfast After the Bell line item because the funds are also reflected (and actually accounted for) in the Federal Nutrition Programs line item. Reflecting those funds in both line items overstates the Department's budget by \$29.4 million.
- *CSI Mill Levy Equalization:* A decrease of \$11.0 million total funds (including \$5.5 million General Fund and the same amount of reappropriated funds) below the request based on the

recommended denial of the Department's request to begin equalizing local mill levy override revenues for State Charter School Institute (CSI) schools in FY 2018-19.

- *Rural Teacher Recruitment and Grow Your Own Program*: A decrease of \$8.0 million cash funds from the Marijuana Tax Cash Fund below the request based on the recommended denial of request BA3 (Rural Teacher Recruitment and Grow Your Own Program). The recommendation assumes that any special legislation enacted to address the teacher shortage will include the necessary appropriations.

(1) MANAGEMENT AND ADMINISTRATION

This section includes funding for the State Board of Education, the Commissioner of Education, and general department administrative responsibilities including human resources, budgeting, accounting, information technology management, assessments, and data analyses. This section also includes funding for the Office of Professional Services, the Division of On-line Learning, and the State Charter School Institute. The following table summarizes the staff recommendation for this division.

MANAGEMENT AND ADMINISTRATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 Appropriation						
SB 17-254 (Long Bill)	\$90,084,742	\$15,614,705	\$33,638,462	\$25,105,842	\$15,725,733	160.4
Other legislation	(642,786)	0	(642,786)	0	0	0.0
TOTAL	\$89,441,956	\$15,614,705	\$32,995,676	\$25,105,842	\$15,725,733	160.4
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$89,441,956	\$15,614,705	\$32,995,676	\$25,105,842	\$15,725,733	160.4
R3 Staffing information management systems	318,721	318,721	0	0	0	2.7
R4 State Board meeting transcription	140,408	140,408	0	0	0	0.0
R6 CSI mill levy equalization	0	0	0	0	0	0.0
BA2 HCPF interagency agreement	0	0	0	37,138	(37,138)	0.0
SI Assessment adjustments	(1,602,362)	0	484,592	0	(2,086,954)	0.0
Non-prioritized items	2,813	2,813	0	0	0	0.0
Centrally appropriated line items	1,546,700	548,997	286,547	139,837	571,319	0.0
Indirect cost assessment adjustment	151,068	0	86,972	0	64,096	0.0
Educator licensure increase	138,000	0	138,000	0	0	0.0
Annualize prior year budget actions	(792,674)	(170,348)	(94,514)	(78,022)	(449,790)	0.0
TOTAL	\$89,344,630	\$16,455,296	\$33,897,273	\$25,204,795	\$13,787,266	163.1
INCREASE/(DECREASE)	(\$97,326)	\$840,591	\$901,597	\$98,953	(\$1,938,467)	2.7
Percentage Change	(0.1%)	5.4%	2.7%	0.4%	(12.3%)	1.7%
FY 2018-19 EXECUTIVE REQUEST	\$101,965,469	\$22,078,482	\$33,327,065	\$30,681,386	\$15,878,536	163.4
Request Above/(Below) Recommendation	\$12,620,839	\$5,623,186	(\$570,208)	\$5,476,591	\$2,091,270	0.3

DECISION ITEMS – MANAGEMENT AND ADMINISTRATION

➔ R3 STAFFING INFORMATION MANAGEMENT SYSTEMS

REQUEST: The Department's FY 2018-19 budget request includes an increase of \$2,792,615 General Fund to support two components associated with information technology:

- An increase of \$2,329,750 General Fund submitted through the Capital Construction Information Technology (capital construction IT) process to replace and upgrade some of the Department's critical information technology systems. Because most of the request is one-time funding, the capital portion of the request annualizes to \$137,500 in FY 2019-20 and subsequent years. The Committee will address this component of the request during figure setting for capital construction IT, scheduled for March 15, 2018.
- A companion request (request R3) for \$462,865 General Fund and 2.7 FTE to support additional IT staff (annualizing to \$493,364 General Fund and 3.0 FTE in subsequent years). The request includes \$245,017 and 1.8 FTE (2.0 positions) focused on information security and \$217,848 and 0.9 FTE (1.0 position) to modernize and re-design the Department's public and private data reporting processes and systems.

RECOMMENDATION: The final staff recommendation for request R3 is pending the Committee's decision regarding the capital portion of the request. Staff recommends that the Committee approve the following appropriations, contingent upon the Committee's decision regarding the capital request.

- If the Committee approves the capital portion of the request, staff recommends approving an increase of \$318,721 General Fund and 2.7 FTE for FY 2018-19 (annualizing to a total of \$394,981 General Fund and 3.0 FTE in FY 2019-20 and subsequent years). Under this scenario, staff recommends approving all three new positions proposed by the Department. The recommendation is \$144,144 General Fund below the Department's request for FY 2018-19 based on corrections to the requested salaries and the Committee's common policy not to fund centrally appropriated line items for new FTE in the first year of implementation. The Department agrees that the recommended salaries correct a technical error in the request. The following table reflects the staff recommendation under this scenario.

R3 - STAFFING INFORMATION MANAGEMENT SYSTEMS <i>WITH</i> APPROVAL OF CAPITAL REQUEST						
	FY 2018-19 REQUEST		FY 2018-19 STAFF REC.		FY 2019-20 IMPACT	
	GENERAL FUND	FTE	GENERAL FUND	FTE	GENERAL FUND	FTE
Information Technology Services						
Salaries	351,974	2.7	270,397	2.7	385,000	3.0
PERA (10.15%)	35,725		27,445		29,942	
Medicare (1.45%)	5,104		3,920		4,277	
AED (5.0%) ¹	17,599		0		19,200	
SAED (5.0%) ¹	17,599		0		19,200	
STD (0.019%) ¹	669		0		730	
Estimated HLD ¹	18,651		0		23,781	
Subtotal, Personal Services - General Fund	\$447,321	2.7	\$301,762	2.7	\$482,131	3.0
Operating Expenses						
Supplies (\$500)	\$1,375		\$1,500		\$1,500	
Computer (\$1,230)	3,382		3,690		0	
Office Equipment (\$3,473)	9,550		10,419		0	
Telephone (\$450/FTE)	1,237		1,350		1,350	
Subtotal, Operating Expenses - GF	\$15,544		\$16,959		\$2,850	
Total, Request R3 - General Fund	\$462,865	2.7	\$318,721	2.7	\$484,981	3.0

¹ These amounts would be addressed through centrally appropriated line items rather than within the Information Technology Services line item.

- If the Committee does not approve the capital portion of the request, staff would still recommend approving an increase of \$195,433 General Fund and 1.8 FTE for FY 2018-19 (annualizing to

\$237,030 and 2.0 FTE in FY 2019-20). The Department agrees that one of the requested positions (the data reporting and system enhancements FTE) would be unnecessary if the Committee does not approve the capital portion of the request. However, staff agrees with the Department that the two IT security positions still appear to be necessary, with or without the capital portion of the request. As with the first option, this recommendation reduces the salaries of the proposed positions to correct an error in the request and also does not fund centrally appropriated amounts associated with the positions in the first year. The following table reflects the staff recommendation under this scenario.

R3 - STAFFING INFORMATION MANAGEMENT SYSTEMS <i>WITHOUT</i> APPROVAL OF CAPITAL REQUEST						
	FY 2018-19 REQUEST		FY 2018-19 STAFF REC.		FY 2019-20 IMPACT	
	GENERAL FUND	FTE	GENERAL FUND	FTE	GENERAL FUND	FTE
Information Technology Services						
Salaries	\$351,974	2.7	\$164,988	1.8	\$180,000	2.0
PERA (10.15%)	35,725		16,746		18,270	
Medicare (1.45%)	5,104		2,392		2,610	
AED (5.0%) ¹	17,599		0		9,000	
SAED (5.0%) ¹	17,599		0		9,000	
STD (0.019%) ¹	669		0		396	
Estimated HLD ¹	18,651		0		15,854	
Subtotal, Personal Services - General Fund	\$447,321	2.7	\$184,127	1.8	\$235,130	2.0
Operating Expenses						
Supplies (\$500)	\$1,375		\$1,000		\$1,000	
Computer (\$1,230)	3,382		2,460		0	
Office Equipment (\$3,473)	9,550		6,946		0	
Telephone (\$450/FTE)	1,237		900		900	
Subtotal, Operating Expenses - GF	\$15,544		\$11,306		\$1,900	
Total, Request R3 - General Fund	\$462,865	2.7	\$195,433	1.8	\$237,030	2.0

¹ These amounts would be addressed through centrally appropriated line items rather than within the Information Technology Services line item.

ANALYSIS: As discussed above, the Committee will address the capital portion of the request during the capital construction IT figure setting process. While the staff recommendation for request R3 is contingent up on the Committee's decision regarding the capital request (see above), this document only addresses the operating/staff portion of the request (R3).

Request R3 includes a total increase of \$462,865 General Fund and 2.7 FTE in FY 2018-19, which annualizes to \$493,364 General Fund and 3.0 FTE in subsequent years (the partial FTE and reduced funding in FY 2018-19 are a result of the paydate shift). Request R3 includes two components: (1) information security improvements and (2) data reporting and system enhancements.

Information Security Improvements: The request includes an increase of \$282,203 and 1.8 FTE (2.0 positions) to both improve data security within the Department's systems and to provide additional training for school districts needing support related to information security. The Department currently has 1.0 dedicated IT security FTE and is requesting the additional 2.0 FTE to keep pace with the latest developments in threat management, privacy, and security. The Department argues that the additional staff are necessary to shorten response time to threats, provide additional capacity to take proactive security measures, and to assist school districts and BOCES by ensuring that only authorized

personnel can access sensitive data (there are also security components to the capital request). In addition, the requested positions would provide training to district staff on privacy and security issues.

Given the quantity and sensitivity of the Department's data (regarding every public school student in Colorado), staff agrees that information security is a critical need at the Department. Staff also understands that many school districts have limited capacity and expertise in this area and sees centralized support from the Department as an efficient use of resources. Thus, staff recommends approving the requested positions, regardless of whether the Committee approves the capital component of the request. The staff recommendation for this component includes a total of \$189,780 General Fund and 1.8 FTE in FY 2018-19 and is \$92,423 below the request based on the following changes:

- The official request proposes annual salaries of \$115,000 for each of these FTE (\$107,242 in FY 2018-19 as a result of the payday shift). However, the Department intended to request \$90,000 in annual salary per FTE. Staff recommends approving an annual salary of \$90,000 per FTE as the Department intended, which reduces the necessary appropriation by a total of \$55,238 in FY 2018-19 (including salaries, PERA, and Medicare).
- Pursuant to the Committee's common policies, the recommendation does not fund centrally appropriated line items for new FTE in the first year (a reduction of \$32,580 below the request for these 2.0 FTE).
- The request includes technical corrections to align appropriations for operating expenses with the Committee's common policies (an increase of a total of \$954 for the operating expenses associated with these two positions).

Data Reporting and System Enhancements: The request includes an increase of \$180,553 General Fund and 0.9 FTE in FY 2018-19 to support an additional position to modernize and re-design the Departments public and private data reporting processes and systems. Data reporting (including, for example, school report cards) is critical to the Department's services to school districts and the public. The federal Every Student Succeeds Act (which reauthorized No Child Left Behind) requires the creation of a parent-friendly school report card, which the Department argues goes beyond the static reports that the current system provides. The capital portion of the request includes funds for contract services and software to update the Department's reporting systems, and request R3 seeks ongoing funding for specialized staff to support the improved reporting systems.

If the Committee approves the capital portion of the request focused on data reporting, then staff agrees that the additional ongoing, specialized support will be necessary to support the system. Thus, under that scenario, staff recommends approving the requested position. However, based on adjustments similar to those discussed above for the security positions, staff recommends approving a total of \$123,289 and 0.9 FTE associated with this position in FY 2018-19. The recommendation reduces the starting annual salary from \$150,000 in the official request to the \$115,000 that the Department actually intended to request, eliminates the centrally appropriated amounts pursuant to the Committee's common policies, and aligns operating expenses associated with the FTE with the Committee's common policies.

Staff and the Department both agree that this position is unnecessary if the Committee does not approve the relevant portions of the capital request. Thus, under that scenario, staff does not recommend appropriating any additional funding associated with this position.

→ R4 STATE BOARD MEETING TRANSCRIPTION

REQUEST: The request includes an increase of \$140,408 General Fund to support the transcription of State Board of Education (State Board) meetings in response to a finding by the U.S. Department of Education's Office of Civil Rights (OCR) requiring the transcription of all meetings to make materials accessible to individuals who are deaf or hard of hearing. The request would support the anticipated contract costs to transcribe all meetings from January 2014 through FY 2018-19. The request assumes ongoing costs of \$25,580 General Fund per year to continue to transcribe future monthly meetings.

RECOMMENDATION: Staff recommends approving the request.

ANALYSIS: The State Board of Education meets monthly in most months to execute its duties. State Board meetings are broadcast live on the internet (audio only) and available as audio recordings on the Department's website, including audio recordings of meetings from January 2014 to the present. However, a 2016 review by the U.S. Department of Education's Office of Civil Rights (OCR) found that State Board meetings must be transcribed and the transcripts posted to the Department's website to provide access to the meetings for individuals who are deaf or hard of hearing. The Department has entered into an agreement with OCR to transcribe all of the meetings currently posted to the website and all meetings going forward. Request R4 would support the anticipated contract costs to transcribe all of the meetings from January 2014 through FY 2018-19, and staff recommends approving the request to support the Department's agreement.

→ R6 CSI MILL LEVY EQUALIZATION

REQUEST: The request includes an increase of \$11.0 million total funds (including \$5.5 million General Fund appropriated to the Mill Levy Equalization Fund and \$5.5 million reappropriated funds to appropriate those funds out of the cash fund) to equalize local mill levy override revenues for Colorado Charter School Institute (CSI) schools in FY 2018-19. Using the cash fund created in H.B. 17-1375 (Distributing Mill Levy Override Revenue to Charter Schools), the proposal would distribute funding to CSI schools on a per pupil basis in an amount equal to the per pupil amounts of mill levy override funding distributed to district-authorized charter schools within each CSI school's geographic school district.

RECOMMENDATION: Staff recommends that the Committee deny the request for a Long Bill appropriation to support mill levy equalization for CSI schools in FY 2018-19. Joint Budget Committee Staff and Office of Legislative Legal Services Staff agree that the Department's proposed methodology to distribute funds to CSI schools is not compatible with current law and that the proposed policy would require separate legislation. If the Committee wishes to begin equalizing local override revenues for CSI schools in FY 2018-19, staff recommends enacting legislation providing additional direction regarding the distribution of funds.

ANALYSIS:

Background – CSI

The State Charter School Institute (CSI) is a statewide charter school authorizer, functioning as an independent agency in the Department of Education. Governed by a nine-member board, the CSI is allowed to authorize charter schools located within a school district's boundaries if the school district has not retained exclusive chartering authority (ECA). With the permission of the geographic district,

CSI can also authorize schools within districts that have retained ECA. There are 41 CSI schools operating in FY 2017-18, located in 16 different school districts and serving more than 17,000 students.

CSI schools are funded through the School Finance Act based on the per pupil revenues for schools in the geographic district in which each school is located. However, as state-authorized schools, CSI schools do not receive *any* local share of school finance revenue and per pupil funding for CSI students is entirely supported by the State. Similarly, CSI schools do not have access to local school districts' mill levy override revenues.

H.B. 17-1375

Historically, district-authorized charter schools' access to local mill levy override revenues has varied depending on the district authorizing the school. House Bill 17-1375 requires *all* districts to share override revenues with district-authorized charter schools *beginning in FY 2019-20*. Under the bill, beginning in FY 2019-20, districts must either:

- distribute at least 95 percent of the district's override revenues to each district-authorized charter school (or innovation school) on an equal per pupil basis; or
- create and implement a plan that distributes mill levy dollars based on "meeting the needs of and equitably supporting the education" of all students in the district. In effect, the "plan" option allows districts to target the override revenues based on student needs, regardless of the type of school the student is attending.

As noted above, state-authorized CSI schools do not have access to local override revenues. In response, H.B. 17-1375 created the Mill Levy Equalization Fund to support *state* payments to CSI schools to equalize the local override revenues available in CSI schools' geographic districts. As enacted in the bill, Section 22-30.5-513.1 (1)(b), C.R.S., directs the CSI to distribute any appropriations from the Mill Levy Equalization Fund on an equal per pupil basis to all CSI schools except that no school may receive more per pupil than the total amount of override revenue per pupil in the school's geographic district.

Request R6 – CSI Mill Levy Equalization

With request R6, the Department is seeking an increase of \$5,523,862 General Fund to support mill levy equalization payments for CSI schools in FY 2018-19. The Department proposes to appropriate that amount into the Mill Levy Equalization Fund and then reappropriate the same amount out of the cash fund (as reappropriated funds) to support the actual equalization payments.

The proposal would distribute funding to CSI schools on a per pupil basis in an amount equal to the per pupil amounts of override funding that school districts are sharing with district-authorized charter schools within each CSI school's respective geographic district.²

- Thus, in FY 2018-19, the proposal would only equalize revenues for CSI schools located in districts that are sharing with the district-authorized charters in FY 2018-19.

² For a detailed discussion of the Department's proposal, including the calculations supporting the request amount, see the issue brief beginning on page 50 of the FY 2018-19 JBC Staff Briefing Document for the Department of Education. The document is available at: https://leg.colorado.gov/sites/default/files/fy2018-19_edubrf_0.pdf

- It is important to note that H.B. 17-1375 does not require school districts to begin sharing with district-authorized charters until FY 2019-20, while the Department is proposing to begin equalizing payments in FY 2018-19 (one year prior to the requirements in H.B. 17-1375).

The Committee should also note the following:

- First and most importantly, current law clearly requires CSI to distribute any equalization payments made from the Mill Levy Equalization Fund to *all* CSI schools on an equal per pupil basis, except that the payments cannot exceed the override revenues per pupil that the accounting district is authorized to collect. Thus, while statute does not allow distribution to CSI schools located in accounting districts that do not have overrides, it *requires* distribution to all other CSI schools regardless of whether the accounting district is sharing revenues with district-authorized charters or not. As a result, the Department's proposal to only provide equalization payments to specific schools is not compatible with current law and would require separate legislation.
- The Committee could consider appropriating funds (such as the \$5.5 million General Fund proposed by the Department) for distribution to all CSI schools under the provisions of current law. However, doing so would require sharing with CSI schools located in districts that are not currently sharing revenues with district-authorized charters, raising concerns about equity between CSI schools and district-authorized schools. Based on those concerns, staff is not recommending such an appropriation.

Based on those concerns, staff recommends rejecting the request to create the requested line item in the FY 2018-19 Long Bill. Based on the requirement for school districts to begin sharing in FY 2019-20, staff is not certain that the General Assembly intended to begin equalization payments for CSI schools in FY 2018-19, and is not recommending that the Committee sponsor legislation to do so. However, if the General Assembly wishes to provide equalization payments to CSI schools in FY 2018-19, staff would recommend pursuing additional legislation to provide clear direction regarding the distribution of revenues in FY 2018-19.

Should the General Assembly move forward with additional legislation regarding the state equalization of mill levy override revenues for CSI schools, staff recommends considering the following points.

- *Targeting Student Needs:* House Bill 17-1375 authorizes local school districts to target mill levy override revenues to specific student needs as part of the districts' revenue sharing plans. The provisions related to CSI do instead require distribution of a flat per pupil amount to all students in all CSI schools (within the limit tied to override revenues per pupil in the accounting district). Should the General Assembly authorize (or require) CSI to develop a plan targeting equalization revenues to student needs?
- *State Budget Impact:* The Department's request calculates a need for \$5.5 million General Fund for equalization payments in FY 2018-19 based on the proposed policy using FY 2016-17 override revenues and FY 2015-16 rates of sharing with district-authorized schools. The Department has been clear with staff that the request remains at \$5.5 million in FY 2018-19, regardless of any potential changes in the data (override revenues, sharing rates, etc.). However, applying the Department's calculation to FY 2017-18 override revenues and assuming the same rate of sharing with district-authorized charters would require a total of \$8.0 million in the current year. Staff expects that amount will increase further for FY 2018-19 and subsequent years. Does the General Assembly want to clarify the process to calculate potential CSI equalization payments and the necessary appropriations to support such payments?

- *No Additional State Revenues:* Staff also notes that local districts inherently receive *more revenue* from overrides; it is the additional revenue generated by overrides that is in question for local districts. The State, however, has no control over local overrides (beyond statutory caps on override revenues for each district) and does not have any mechanism to generate additional revenues to support the equalization payments proposed in R6. Rather, any equalization payments made by the State must come at the expense of other state priorities such as reducing the budget stabilization factor. How should the State balance equalization of override revenues for CSI schools vs. the level of the budget stabilization factor?
- *Equalization within Districts vs. Within CSI:* The proposal would make equalization payments based on the rate of sharing between local districts and their district-authorized charter schools under H.B. 17-1375. Staff notes, however, that sharing on that basis will create wide variation in the equalization payments provided *within CSI*. That is, CSI schools in districts with high override revenues (per pupil) would receive large equalization payments while the CSI school in Calhan will receive none as long as Calhan does not have local overrides. As a result, the proposed policy promoting local equity (within geographic districts) creates inequality within CSI. How does the General Assembly wish to balance those competing priorities?

➔ STAFF INITIATED ASSESSMENT LINE ITEM ADJUSTMENTS

REQUEST: The Department has not requested the consolidation of the Colorado Student Assessment Program line item and the Federal Grant for State Assessments and Related Activities line item into a single Long Bill line item. However, because the proposed consolidation aligns with the Department's actual administration of assessment-related funds, the Department supports the staff recommendation. The Department also provided the contract cost estimates underlying the staff recommended appropriation amounts.

RECOMMENDATION: Staff recommends the following changes to appropriations associated with statewide standardized assessments:

- Consolidating the Colorado Student Assessment Program line item and the Federal Grant for State Assessments and Related Activities line item into a single "Statewide Assessment Program" line item. The recommendation eliminates the Federal Grant for State Assessments and Related Activities line item and moves the \$2.4 million federal funds and 5.7 FTE currently reflected in that line item to the newly named Statewide Assessment Program line item. The Department has never actually administered assessment-related funding as two separate line items, and the staff recommendation will align the Long Bill with the Department's management of the statewide assessment program.
- Appropriating \$33,164,549 total funds (including \$26,081,831 cash funds from the State Education Fund and \$7,082,718 federal funds) and 17.5 FTE to the newly named Statewide Assessment Program line item. The recommendation aligns with the best available estimates of assessment contract costs for FY 2018-19 and the federal funds expected to be available for assessment related activities. The recommendation represents an increase of \$484,592 cash funds from the State Education Fund above the FY 2017-18 appropriation based on the Department's estimated contract costs. In total, including both of the relevant line items reflected in the FY 2017-18 Long Bill, the recommended (informational) appropriation of federal funds decreases by \$2,048,451 to align with the amount of federal funds anticipated to be available in FY 2018-19.

STAFF INITIATED ASSESSMENT ADJUSTMENT				
LINE ITEM	FY 2017-18 APPROP.	FY 2018-19 REQUEST	FY 2018-19 STAFF REC.*	ANNUAL CHANGE
Colorado Student Assessment Program/Statewide Assessment Program	\$32,470,491	\$32,519,687	\$33,164,549	\$694,058
FTE	11.8	11.8	17.5	5.7
Cash Funds - State Education Fund	25,586,546	25,597,239	26,081,831	495,285
Federal Funds	6,883,945	6,922,448	7,082,718	198,773
Federal Grant for State Assessments and Related Activities - FF	\$2,247,224	\$2,247,224	\$0	(\$2,247,224)
FTE	5.7	5.7	0.0	(5.7)
Total	\$34,717,715	\$34,766,911	\$33,164,549	(\$1,553,166)
FTE	17.5	17.5	17.5	0.0
Cash Funds - State Education Fund	25,586,546	25,597,239	26,081,831	495,285
Federal Funds	9,131,169	9,169,672	7,082,718	(2,048,451)

*In addition to the adjustments addressed in this item, the totals in this table include \$10,693 cash funds and \$38,503 federal funds to annualize FY 2017-18 salary survey and merit pay

ANALYSIS: Please note that the Assessments and Data Analyses subdivision section of this document includes a detailed discussion of the system of statewide standardized assessments and recommended appropriations for FY 2018-19. Please see that section for a discussion of the schedule of required assessments by grade level and the anticipated costs (by assessment type) in FY 2018-19. The following discussion focuses specifically on staff-initiated changes to the line items supporting assessment-related costs and the recommended changes in appropriations for FY 2018-19.

The staff initiated assessment adjustments for FY 2018-19 include three components:

- *Line Item Name:* Staff recommends renaming the Colorado Student Assessment Program line item as the “Statewide Assessments Program” line item. The Colorado Student Assessment Program (CSAP) name dates to the beginning of the statewide assessment program and the original CSAP tests. Staff recommends changing the name to the more general “Statewide Assessment Program” to avoid confusion as the name of the assessment program changes (for example, the current system of assessments is the Colorado Measures of Academic Success or CMAS).
- *Line Item Consolidation:* Since FY 2002-03, the Long Bill has included two line items directly associated with the statewide system of standardized assessments: the Colorado Student Assessment Program line item (\$32.5 million total funds and 11.8 FTE in FY 2017-18) and the Federal Grant for State Assessments and Related Activities line item (\$2.2 million federal funds and 5.7 FTE in FY 2017-18). The intent of the split line items was to reflect all costs directly associated with the administration of statewide assessments in the Colorado Student Assessment Program line item and to reflect federal funds supporting other assessment-related work in the Federal Grant for State Assessments and Related Activities line item. However, the Department has never actually administered the funds as a separate line item and instead manages all appropriations through the Colorado Student Assessment Program line item. Staff recommends consolidating the two line items into the newly named “Statewide Assessment Program” line item (discussed above) to align appropriations with the Department’s actual management of assessment-related funds. The recommended consolidation eliminates the Federal Grant for State Assessments and Related Activities line item and moves the \$2.2 million and 5.7 FTE into the newly named line item.
- *Appropriation Adjustments:* Staff recommends an appropriation of \$33,164,549 total funds (including \$26,081,831 cash funds from the State Education Fund and \$7,082,718 federal funds) and 17.5 FTE in the renamed Statewide Assessment Program line item. The recommendation, which represents an increase of \$495,285 state funds (from the State Education Fund), aligns the

appropriation with the best available cost estimates for the assessment program in FY 2018-19. The recommendation represents a reduction of \$2.0 million federal funds below the combined FY 2017-18 appropriation (for both of the existing line items) based on the amount of federal funds anticipated to be available in FY 2018-19. As indicated by the recommendation, the current appropriation overstates the amount of federal funding actually available for assessment-related costs.

LINE ITEM DETAIL — MANAGEMENT AND ADMINISTRATION

(A) ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS

STATE BOARD OF EDUCATION

The Colorado Constitution charges the State Board of Education with the "general supervision of the public schools of the state". The Board has numerous powers and duties specified in state law. Each congressional district elects one Board member; the Board also includes one at-large member in years when Colorado has an even number of congressional districts. Members serve six-year terms without compensation but are entitled to reimbursement for any necessary expenses incurred in the performance of their duties as members. These expenses generally include: (1) travel (in state and out of state, mileage, meals and lodging); (2) attendance at official functions; and (3) reimbursement for office related expenses.

STATUTORY AUTHORITY: Section 22-2-107, C.R.S.

REQUEST: The Department requests an appropriation of \$459,188 General Fund and 2.0 FTE, including the following changes from the FY 2017-18 appropriation.

- An increase of \$140,408 General Fund associated with request R4 (State Board Meeting Transcription, discussed above).
- An increase of \$7,586 General Fund to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request, including the increase of \$140,408 General Fund associated with request R4 (State Board Meeting Transcription). The following table shows the recommended changes from the FY 2017-18 appropriation.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, STATE BOARD OF EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$311,194	\$311,194	\$0	\$0	\$0	2.0
TOTAL	\$311,194	\$311,194	\$0	\$0	\$0	2.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$311,194	\$311,194	\$0	\$0	\$0	2.0
R4 State Board meeting transcription	140,408	140,408	0	0	0	0.0
Annualize prior year budget actions	7,586	7,586	0	0	0	0.0
TOTAL	\$459,188	\$459,188	\$0	\$0	\$0	2.0
INCREASE/(DECREASE)	\$147,994	\$147,994	\$0	\$0	\$0	0.0

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, STATE BOARD OF EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Percentage Change	47.6%	47.6%	n/a	n/a	n/a	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$459,188	\$459,188	\$0	\$0	\$0	2.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

GENERAL DEPARTMENT AND PROGRAM ADMINISTRATION

This line item provides funding and staff for the management and administration of a variety of education and library-related programs, and for general department administration, including human resources, budgeting, accounting, and information management. As a “program line,” This line item supports both personal services and operating expenses. The source of cash funds for this line item is general education development (GED) program fees. Sources of reappropriated funds include indirect cost recoveries and transfers from various cash- and federally-funded line items in other sections of the budget.

STATUTORY AUTHORITY: Article IX of the State Constitution; Sections 22-2-105 through 109, C.R.S.; and much of Title 22 of the Colorado Revised Statutes.

REQUEST: The Department requests a continuation appropriation of \$4,378,699 total funds (including \$1,865,734 General Fund) and 34.6 FTE, including an increase of \$125,754 total funds to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee’s common policies. This line item supports much of the Department’s central administration and management staff. While gauging the performance of the various employees and units supported by this line item is difficult based on the Department’s performance measures, the roles of these units are essential to the ongoing function of the Department. Staff requests permission to work with Department staff to calculate the allocation of indirect cost recoveries between this line item and the associated centrally appropriated line items if changes are necessary based on the Committee’s common policies.³ The following table shows the recommended changes from the FY 2017-18 appropriation.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, GENERAL DEPARTMENT AND PROGRAM ADMINISTRATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$4,252,945	\$1,792,802	\$177,081	\$2,283,062	\$0	34.6
TOTAL	\$4,252,945	\$1,792,802	\$177,081	\$2,283,062	\$0	34.6

³ These centrally appropriated line items include the following: Health, Life, and Dental; Short-term Disability; AED; SAED; Workers’ Compensation; Payment to Risk Management and Property Funds; and Capitol Complex Leased Space.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, GENERAL DEPARTMENT AND PROGRAM ADMINISTRATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$4,252,945	\$1,792,802	\$177,081	\$2,283,062	\$0	34.6
Annualize prior year budget actions	125,754	72,932	2,029	50,793	0	0.0
TOTAL	\$4,378,699	\$1,865,734	\$179,110	\$2,333,855	\$0	34.6
INCREASE/(DECREASE)	\$125,754	\$72,932	\$2,029	\$50,793	\$0	0.0
Percentage Change	3.0%	4.1%	1.1%	2.2%	n/a	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$4,378,699	\$1,865,734	\$179,110	\$2,333,855	\$0	34.6
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	(0.0)

OFFICE OF PROFESSIONAL SERVICES

This office is responsible for administration of the Colorado Educator Licensure Act and is funded entirely through fees paid by educators seeking licenses, endorsements, and authorizations. Section 22-60.5-112, C.R.S., authorizes the State Board of Education to adjust fees charged for licensing purposes annually, if necessary, so that the revenue generated approximates the direct and indirect costs of administering the Colorado Educator Licensing Act. Fee revenues are deposited into the Educator Licensure Cash Fund.

Prior to FY 2011-12, funding for the Office of Professional Services was subject to annual appropriation. However, Section 22-60.5-112 (1) (b) (I), C.R.S. (as modified by S.B. 15-111), continuously appropriates funds in the Educator Licensure Cash Fund to the Department from FY 2011-12 through FY 2017-18. House Bill 18-1100 (Educator Licensure Cash Fund, a Joint Budget Committee Bill) extends the continuous appropriation for this office for an additional three years (through FY 2020-21).

STATUTORY AUTHORITY: Sections 22-60.5-101, 22-2-109, and 22-9-101, C.R.S.

REQUEST: The Department requests an appropriation of \$2,698,620 cash funds and 25.0 FTE for FY 2018-19. The request includes the following increases above the FY 2017-18 appropriation:

- \$138,000 to align with the Department's anticipated spending based on the continuous appropriation in FY 2017-18.
- \$43,109 to annualize FY 207-18 salary survey and merit pay provided under the continuous appropriation in FY 2017-18.

RECOMMENDATION: Staff recommends approving the request. Assuming enactment of H.B. 18-1100, which has passed both chambers and is awaiting signature by the Governor, this appropriation will be reflected in the Long Bill for informational purposes only. The following table shows the recommended changes from the FY 2017-18 appropriation.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, OFFICE OF PROFESSIONAL SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$2,517,511	\$0	\$2,517,511	\$0	\$0	25.0
TOTAL	\$2,517,511	\$0	\$2,517,511	\$0	\$0	25.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$2,517,511	\$0	\$2,517,511	\$0	\$0	25.0
Educator licensure increase	138,000	0	138,000	0	0	0.0
Annualize prior year budget actions	43,109	0	43,109	0	0	0.0
TOTAL	\$2,698,620	\$0	\$2,698,620	\$0	\$0	25.0
INCREASE/(DECREASE)						
Percentage Change	7.2%	n/a	7.2%	n/a	n/a	0.0%
FY 2018-19 EXECUTIVE REQUEST						
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

DIVISION OF ON-LINE LEARNING

Senate Bill 07-215 changed the oversight, structure, and funding of public school on-line education. This act required the State Board of Education to establish quality standards for on-line programs. The act also created the Division of On-line Learning in the Department to support on-line programs, certify multi-district programs, and document and track complaints about on-line programs. Finally, S.B. 07-215 also created a nine-member On-line Learning Advisory Board to report to the State Board on the operations of on-line programs and to provide policy recommendations.

STATUTORY AUTHORITY: Section 22-30.7-101 et seq., C.R.S.

REQUEST: The Department requests a continuation appropriation of \$365,701 cash funds from the State Education Fund and 3.3 FTE for FY 2018-19, including an increase of \$6,152 to annualize FY 2017-18 salary survey and merit pay appropriations.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies.

HEALTH, LIFE, AND DENTAL

This line item provides funding for the employer's share of the cost of group benefit plans providing health, life, and dental insurance for state employees.

STATUTORY AUTHORITY: Pursuant to Section 24-50-611, C.R.S., and defined in Section 24-50-603 (9), C.R.S.

REQUEST: The Department requests \$5,446,454 total funds (including \$2,124,013 General Fund) for FY 2018-19, including an increase of \$265,869 total funds based on OSPB's common policies for health, life, and dental benefits.

RECOMMENDATION: Staff recommends approving the request, in alignment with the Committee's common policy regarding employer contribution rates for Health, Life, and Dental. As discussed below in the Assistance to Public Schools section of this document (BA2 – HCPF Interagency Agreement), the recommendation includes an adjustment to reflect amounts associated with the S.B. 97-101 Public School Health Services program as reappropriated funds rather than federal funds. The following table shows the recommended changes from the FY 2017-18 appropriation.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, HEALTH, LIFE, AND DENTAL						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$5,180,585	\$2,058,491	\$634,569	\$455,053	\$2,032,472	0.0
TOTAL	\$5,180,585	\$2,058,491	\$634,569	\$455,053	\$2,032,472	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$5,180,585	\$2,058,491	\$634,569	\$455,053	\$2,032,472	0.0
Centrally appropriated line items	265,869	65,522	108,823	14,211	77,313	0.0
BA2 HCPF interagency agreement	0	0	0	15,355	(15,355)	0.0
TOTAL	\$5,446,454	\$2,124,013	\$743,392	\$484,619	\$2,094,430	0.0
INCREASE/(DECREASE)	\$265,869	\$65,522	\$108,823	\$29,566	\$61,958	0.0
Percentage Change	5.1%	3.2%	17.1%	6.5%	3.0%	n/a
FY 2018-19 EXECUTIVE REQUEST	\$5,446,454	\$2,124,013	\$743,392	\$469,264	\$2,109,785	0.0
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	(\$15,355)	\$15,355	0.0

SHORT-TERM DISABILITY

This line item provides funding for the employer's share of state employees' short-term disability insurance premiums.

STATUTORY AUTHORITY: Pursuant to Section 24-50-611, C.R.S., and defined in Section 24-50-603 (13), C.R.S.

REQUEST: The Department request \$73,221 total funds (including \$25,605 General Fund) for FY 2018-19. The request represents a reduction of \$7,283 total funds from the FY 2017-18 appropriation based on OSPB's common policies for short-term disability insurance.

RECOMMENDATION: Staff recommends approving the request, in alignment with the Committee's common policy to apply a rate of 0.17 percent of employee base salaries. As discussed below in the Assistance to Public Schools section of this document (BA2 – HCPF Interagency Agreement), the recommendation includes an adjustment to reflect amounts associated with the S.B. 97-101 Public School Health Services program as reappropriated funds rather than federal funds. The following table shows the recommended changes from the FY 2018-19 appropriation.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, SHORT-TERM DISABILITY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$80,504	\$28,627	\$10,868	\$8,759	\$32,250	0.0
TOTAL	\$80,504	\$28,627	\$10,868	\$8,759	\$32,250	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$80,504	\$28,627	\$10,868	\$8,759	\$32,250	0.0
BA2 HCPF interagency agreement	0	0	0	262	(262)	0.0
Centrally appropriated line items	(7,283)	(3,022)	(236)	(749)	(3,276)	0.0
TOTAL	\$73,221	\$25,605	\$10,632	\$8,272	\$28,712	0.0
INCREASE/(DECREASE)	(\$7,283)	(\$3,022)	(\$236)	(\$487)	(\$3,538)	0.0
Percentage Change	(9.0%)	(10.6%)	(2.2%)	(5.6%)	(11.0%)	n/a
FY 2018-19 EXECUTIVE REQUEST	\$73,221	\$25,605	\$10,632	\$8,010	\$28,974	0.0
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	(\$262)	\$262	0.0

S.B. 04-257 AMORTIZATION EQUALIZATION DISBURSEMENT

Pursuant to S.B. 04-257, this line item provides additional funding to increase the state contribution to the Public Employees' Retirement Association (PERA).

STATUTORY AUTHORITY: Section 24-51-411, C.R.S.

REQUEST: The Department requests \$2,273,850 total funds (including \$798,660 General Fund) for FY 2018-19. The request represents a net decrease of \$11,784 total funds based on OSPB's common policies for amortization equalization disbursement (AED).

RECOMMENDATION: Staff recommends approving the request for FY 2018-19 based on the Committee's common policy to apply a contribution rate of 5.0 percent of base salaries. As discussed below in the Assistance to Public Schools section of this document (BA2 – HCPF Interagency Agreement), the recommendation includes an adjustment to reflect amounts associated with the S.B. 97-101 Public School Health Services program as reappropriated funds rather than federal funds. Staff requests permission to adjust the appropriation amount, as necessary, based on the Committee's final decisions regarding total compensation common policies. The following table shows the recommended changes from the FY 2017-18 appropriation.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, S.B. 04-257 AMORTIZATION EQUALIZATION DISBURSEMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$2,285,634	\$816,141	\$307,885	\$248,127	\$913,481	0.0
TOTAL	\$2,285,634	\$816,141	\$307,885	\$248,127	\$913,481	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$2,285,634	\$816,141	\$307,885	\$248,127	\$913,481	0.0

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, S.B. 04-257 AMORTIZATION EQUALIZATION DISBURSEMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
BA2 HCPF interagency agreement	0	0	0	8,121	(8,121)	0.0
Centrally appropriated line items	(11,784)	(17,481)	21,495	54	(15,852)	0.0
TOTAL	\$2,273,850	\$798,660	\$329,380	\$256,302	\$889,508	0.0
INCREASE/(DECREASE)	(\$11,784)	(\$17,481)	\$21,495	\$8,175	(\$23,973)	0.0
Percentage Change	(0.5%)	(2.1%)	7.0%	3.3%	(2.6%)	n/a
FY 2018-19 EXECUTIVE REQUEST	\$2,273,850	\$798,660	\$329,380	\$248,181	\$897,629	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	(\$8,121)	\$8,121	0.0

S.B. 06-235 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT

Pursuant to S.B. 06-235, this line item provides additional funding to increase the state contribution for PERA.

STATUTORY AUTHORITY: Section 24-51-411, C.R.S.

REQUEST: The Department requests \$2,273,850 total funds (including \$798,660 General Fund) for FY 2018-19. The request represents a net decrease of \$11,784 total funds based on OSPB's common policies for amortization equalization disbursement (AED).

RECOMMENDATION: Staff recommends approving the request for FY 2018-19 based on the Committee's common policy to apply a contribution rate of 5.0 percent of base salaries. As discussed below in the Assistance to Public Schools section of this document (BA2 – HCPF Interagency Agreement), the recommendation includes an adjustment to reflect amounts associated with the S.B. 97-101 Public School Health Services program as reappropriated funds rather than federal funds. Staff requests permission to adjust the appropriation amount, as necessary, based on the Committee's final decisions regarding total compensation common policies. The following table shows the recommended changes from the FY 2017-18 appropriation.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, S.B. 06-235 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$2,285,634	\$816,141	\$307,885	\$248,127	\$913,481	0.0
TOTAL	\$2,285,634	\$816,141	\$307,885	\$248,127	\$913,481	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$2,285,634	\$816,141	\$307,885	\$248,127	\$913,481	0.0
BA2 HCPF interagency agreement	0	0	0	8,121	(8,121)	0.0
Centrally appropriated line items	(11,784)	(17,481)	21,495	54	(15,852)	0.0
TOTAL	\$2,273,850	\$798,660	\$329,380	\$256,302	\$889,508	0.0
INCREASE/(DECREASE)	(\$11,784)	(\$17,481)	\$21,495	\$8,175	(\$23,973)	0.0
Percentage Change	(0.5%)	(2.1%)	7.0%	3.3%	(2.6%)	n/a

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, S.B. 06-235 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 EXECUTIVE REQUEST	\$2,273,850	\$798,660	\$329,380	\$248,181	\$897,629	0.0
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	(\$8,121)	\$8,121	0.0

SALARY SURVEY

Prior to FY 2017-18, the Department used this line item to pay for annual increases for salary survey and senior executive positions for all of the Department's employees (with the exception of teachers at the School for the Deaf and the Blind). Beginning in FY 2017-18, the Long Bill appropriation divided salary survey funding into two line items, one supporting salary increases for the Department's classified employees and one for the Department's exempt (at-will) employees, both of which are discussed below.

STATUTORY AUTHORITY: Section 24-50-104, C.R.S.

REQUEST: Continuing the policy initiated in the FY 2017-18 Long Bill, the Department is not requesting an appropriation for this line item for FY 2018-19.

RECOMMENDATION: Staff recommends approving the request.

SALARY SURVEY FOR CLASSIFIED EMPLOYEES

The General Assembly created this line item in the FY 2017-18 Long Bill to reflect salary survey increases (if provided) associated with classified employees at the Department of Education, including the Colorado School for the Deaf and the Blind (CSDB) and the State Charter School Institute (CSI).

STATUTORY AUTHORITY: Section 24-50-104, C.R.S.

REQUEST: The Department requests an appropriation of \$184,711 total funds (including \$64,589 General Fund) for salary survey for classified employees in FY 2018-19, based on the OSPB common policy to provide 3.0 percent salary increases. The Department currently has a total of 113 classified FTE (representing 18.8 percent of the Department's total FTE requested for FY 2018-19). The classified FTE count includes 90 FTE at the School for the Deaf and the Blind and 23 FTE within the Department itself.

RECOMMENDATION: As discussed above, the recommendation for this line item is pending the Committee's decisions regarding common policies for salary survey and merit pay. Staff does recommend applying the Committee's common policies to the Department's classified staff.

SALARY SURVEY FOR EXEMPT EMPLOYEES

The General Assembly created this line item in the FY 2017-18 Long Bill to reflect salary survey increases (if provided) associated with exempt (at-will) employees at the Department of Education,

including the Colorado School for the Deaf and the Blind (CSDB) and the State Charter School Institute (CSI).

STATUTORY AUTHORITY: Section 24-50-104, C.R.S.

REQUEST: The Department requests an appropriation of \$1,290,002 total funds (including \$451,079 General Fund) for salary survey for exempt employees in FY 2018-19, based on the OSPB common policy to provide 3.0 percent salary increases.

RECOMMENDATION: The recommendation for this line item is pending the Committee's decisions regarding common policies for salary survey and merit pay. Staff recommends applying the Committee's common policy for salary survey for exempt employees of the Department.

MERIT PAY

This line item funds pay increases relating to employee performance evaluations.

STATUTORY AUTHORITY: Section 24-50-104 (1) (c), C.R.S.

REQUEST: Pursuant to OSPB's common policies, the Department is not requesting any funding for merit pay increases for FY 2017-18.

RECOMMENDATION: As discussed above, staff recommends replacing this line item with separate merit pay line items for the Department's classified and exempt employees (discussed below). As a result, staff is not recommending funding for this line item in FY 2017-18.

MERIT PAY FOR CLASSIFIED EMPLOYEES

The General Assembly created this line item in the FY 2017-18 Long Bill to reflect merit pay increases associated with classified employees at the Department of Education, including the Colorado School for the Deaf and the Blind (CSDB) and the State Charter School Institute (CSI).

STATUTORY AUTHORITY: Section 24-50-104 (1) (c), C.R.S.

REQUEST: Pursuant to OSPB's common policies, the Department is not requesting any funding for merit pay increases in FY 2018-19.

RECOMMENDATION: The staff recommendation for this line item is pending the Committee's decisions regarding merit pay common policies for FY 2018-19. Staff recommends applying the Committee's common policy for merit pay to classified employees of the Department.

MERIT PAY FOR EXEMPT EMPLOYEES

As discussed above (Staff Initiated Separation of Salary Survey and Merit Pay for Classified and Exempt Employees), staff is recommending the creation of this line item in the FY 2017-18 Long Bill to reflect merit pay increases (if provided) associated with exempt (at-will) employees at the

Department of Education, including the Colorado School for the Deaf and the Blind (CSDB) and the State Charter School Institute (CSI).

STATUTORY AUTHORITY: Section 24-50-104 (1) (c), C.R.S.

REQUEST: Pursuant to OSPB's common policies, the Department is not requesting any funding for merit pay increases for FY 2018-19.

RECOMMENDATION: The staff recommendation for this line item is pending the Committee's decisions regarding merit pay common policies for FY 2017-18. Staff recommends applying the Committee's common policy for merit pay to exempt employees of the Department.

WORKERS' COMPENSATION

This line pays the Department's estimated share for inclusion in the State's workers' compensation program for state employees. This program is administered by the Department of Personnel and Administration.

STATUTORY AUTHORITY: Section 24-30-1510.7, C.R.S.

REQUEST: The Department requests \$519,397 total funds (including \$232,001 General Fund) for FY 2018-19 based on OSPB's common policies.

RECOMMENDATION: Staff recommends an appropriation of \$519,395 total funds (including \$231,999 General Fund) for FY 2018-19, consistent with the Committee's common policy for workers' compensation.

LEGAL SERVICES

This line item provides funding for the Department to purchase legal services from the Department of Law.

STATUTORY AUTHORITY: Sections 24-31-101 (1)(a) and 24-75-112 (1)(i), C.R.S.

REQUEST: Based on preliminary estimates of hourly legal rates from the Department of law, the Department requests \$760,817 total funds (including \$439,786 General Fund) for the purchase of legal services in FY 2018-19, which represents a decrease of \$79,622 total funds (\$46,025 General Fund) from the FY 2017-18 appropriation.

RECOMMENDATION: The staff recommendation for the dollar amount for this line item is pending the Committee's decision regarding the legal rate for FY 2018-19.

ADMINISTRATIVE LAW JUDGE SERVICES

This line item provides funding for the Department to purchase services from the Department of Personnel and Administration, Administrative Hearings Division.

STATUTORY AUTHORITY: Sections 24-30-1001 (3) and 24-30-1002, C.R.S.

REQUEST: The Department requests \$210,726 total funds (including no General Fund) for FY 2018-19, including a decrease of \$41,853 to align with OSPB's common policies for administrative law judge services.

RECOMMENDATION: Staff recommends an appropriation of \$208,286 total funds for FY 2018-19, consistent with the Committee's common policy for administrative law judge services. The following table shows the recommended changes from the FY 2017-18 appropriation.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, ADMINISTRATIVE LAW JUDGE SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$252,579	\$0	\$208,981	\$43,598	\$0	0.0
TOTAL	\$252,579	\$0	\$208,981	\$43,598	\$0	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$252,579	\$0	\$208,981	\$43,598	\$0	0.0
Centrally appropriated line items	(44,293)	0	(36,648)	(7,645)	0	0.0
TOTAL	\$208,286		\$172,333	\$35,953	\$0	0.0
INCREASE/(DECREASE)	(\$44,293)	\$0	(\$36,648)	(\$7,645)	\$0	0.0
Percentage Change	(17.5%)	n/a	(17.5%)	(17.5%)	n/a	n/a
FY 2018-19 EXECUTIVE REQUEST	\$210,726	\$0	\$174,352	\$36,374	\$0	0.0
Request Above/(Below) Recommendation	\$2,440	\$0	\$2,019	\$421	\$0	0.0

PAYMENT TO RISK MANAGEMENT AND PROPERTY FUNDS

This line item provides funding for the Department's share of the statewide costs for two programs operated by the Department of Personnel and Administration: (1) the liability program, and (2) the property program. The state's liability program pays liability claims and expenses brought against the State. The property program provides insurance coverage for state buildings and their contents.

STATUTORY AUTHORITY: Sections 24-30-1510 and 24-30-1510.5, C.R.S.

REQUEST: The Department requests \$197,232 General Fund for FY 2018-19 based on OSPB's common policies. The request represents an increase of \$44,322 above the FY 2017-18 appropriation and includes adjustments associated with two non-prioritized items addressed through figure setting for the Department of Personnel.

RECOMMENDATION: The staff recommendation for this line item is pending the Committee's final common policy decision for Payment to Risk Management and Property Funds. Staff recommends applying the Committee's common policy for Payment to Risk Management and Property Funds.

LEASED SPACE

The General Assembly added this line item to the FY 2015-16 Long Bill to support all of the Department's appropriations for the purchase of leased space outside of the Capitol Complex.

STATUTORY AUTHORITY: Section 22-2-112, C.R.S.

REQUEST: The Department requests \$1,172,191 total funds (including \$60,782 General Fund) for FY 2018-19. The request did not include any changes from the FY 2017-18 appropriation.

RECOMMENDATION: Based on updated and corrected lease cost information provided by the Department, staff recommends an appropriation of \$1,150,572 total funds (including \$61,525 General Fund) for leased space costs in FY 2018-19. The following table shows the Department's lease costs and square footage usage for each of the three private lease locations for FY 2017-18 and FY 2018-19.

SUMMARY OF PROJECTED LEASED SPACE COSTS				
LOCATION	FY 2017-18 LEASE COSTS	SPACE (SQ. FT.)	FY 2018-19 LEASE COSTS	SPACE (SQ. FT.)
1560 Broadway	\$740,246	28,625	\$754,555	28,625
1580 Logan St.	307,002	14,685	266,557	11,957
6000 East Evans Ave.	124,943	9,039	129,460	9,039
Total	\$1,172,191	52,349	\$1,150,572	49,621

CAPITOL COMPLEX LEASED SPACE

This line item supports payments to the Department of Personnel and Administration for the costs of maintaining state buildings that are part of the capitol complex.

STATUTORY AUTHORITY: Section 24-30-1104, C.R.S.

REQUEST: The Department requests \$773,186 total funds (including \$217,382 General Fund) for FY 2018-19 based on OSPB's common policy.

RECOMMENDATION: Staff recommends an appropriation of \$773,684 total funds (including \$232,175 General Fund) for FY 2018-19 based on the Committee's common policies. The following table shows the recommended change from the FY 2017-18 appropriation.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, CAPITOL COMPLEX LEASED SPACE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$842,164	\$236,777	\$113,045	\$152,358	\$339,984	0.0
TOTAL	\$842,164	\$236,777	\$113,045	\$152,358	\$339,984	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$842,164	\$236,777	\$113,045	\$152,358	\$339,984	0.0
Centrally appropriated line items	(68,480)	(4,602)	(9,487)	(12,786)	(41,605)	0.0

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, CAPITOL COMPLEX LEASED SPACE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
TOTAL	\$773,684	\$232,175	\$103,558	\$139,572	\$298,379	0.0
INCREASE/(DECREASE)	(\$68,480)	(\$4,602)	(\$9,487)	(\$12,786)	(\$41,605)	0.0
Percentage Change	(8.1%)	(1.9%)	(8.4%)	(8.4%)	(12.2%)	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$773,186	\$217,382	\$103,787	\$139,880	\$312,137	0.0
Request Above/(Below)						
Recommendation	(\$498)	(\$14,793)	\$229	\$308	\$13,758	0.0

REPRINTING AND DISTRIBUTING LAWS CONCERNING EDUCATION

Section 22-2-112 (1)(i), C.R.S., requires the Department to "cause to be reprinted annually laws enacted by the general assembly concerning education...and to furnish copies thereof to interested persons." By statute, the State Public School Fund supports all publishing costs. Prior to FY 2010-11, this appropriation identified the source of funding as rental income earned on state education trust lands that is credited to the State Public School Fund. Pursuant to H.B. 10-1369, the revenue source is now interest and investment income earned on the Public School ("Permanent") Fund that is credited to the State Public School Fund.

STATUTORY AUTHORITY: Section 22-2-112 (1)(i), C.R.S.

REQUEST: The Department requests a continuation appropriation of \$35,480 cash funds from the State Public School Fund for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request. This appropriation is required by current law.

(B) INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY SERVICES

This line item provides funding and staff related to information technology support functions and includes funding and staff that were previously appropriated to the School Accountability Reports and State Data Reporting System line item, which was merged into the Information Technology Services line item in FY 2011-12.

Senate Bill 00-186 required the Department of Education to establish a state data reporting system, including computer capabilities and procedures, to produce school report cards (later renamed school accountability reports or "SARs"). The bill required the Department to prepare and distribute hard copies of each school's SAR, and to establish and maintain a web site that provides access to each school's SARs.

As a program line, this line item includes funding for both personal services and operating expenses. Sources of reappropriated funds include transfers from various line items in other sections of the budget.

STATUTORY AUTHORITY: Section 22-2-112, C.R.S.

REQUEST: The Department requests \$4,618,507 total funds (including \$3,991,664 General Fund) and 31.2 FTE for FY 2018-19. The request includes the following changes from the FY 2017-18 appropriation:

- An increase of \$462,685 General Fund and 3.0 FTE associated with request R3 (Staffing Information Management Systems, discussed above).
- An increase of \$103,824 total funds (\$103,344 General Fund) to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving a total appropriation of \$4,474,363 (including \$3,847,520 General Fund) and 30.9 FTE for FY 2018-19. The request includes the following increase above the FY 2017-18 appropriation:

- \$318,721 General Fund and 2.7 FTE associated with request R3 (Staffing Information Management Systems, discussed above).
- \$103,824 total funds (including \$103,444 General Fund) to annualize FY 2017-18 salary survey and merit pay appropriations.

MANAGEMENT AND ADMINISTRATION, INFORMATION TECHNOLOGY, INFORMATION TECHNOLOGY SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$4,051,818	\$3,425,355	\$0	\$626,463	\$0	28.2
TOTAL	\$4,051,818	\$3,425,355	\$0	\$626,463	\$0	28.2
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$4,051,818	\$3,425,355	\$0	\$626,463	\$0	28.2
R3 Staffing information management systems	318,721	318,721	0	0	0	2.7
Annualize prior year budget actions	103,824	103,444	0	380	0	0.0
TOTAL	\$4,474,363	\$3,847,520	\$0	\$626,843	\$0	30.9
INCREASE/(DECREASE)	\$422,545	\$422,165	\$0	\$380	\$0	2.7
Percentage Change	10.4%	12.3%	n/a	0.1%	n/a	9.6%
FY 2018-19 EXECUTIVE REQUEST	\$4,618,507	\$3,991,664	\$0	\$626,843	\$0	31.2
Request Above/(Below) Recommendation	\$144,144	\$144,144	\$0	\$0	\$0	0.3

CORE OPERATIONS

This line item funds the Department's share of costs for the statewide accounting system (CORE) used by the State Controller to record all state revenues and expenditures.

STATUTORY AUTHORITY: Section 24-30-209, C.R.S.

REQUEST: The Department requests \$247,935 total funds (including \$94,141 General Fund) for FY 2018-19 based on OSPB's common policies. The request represents an increase of \$11,830 total funds above the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends an appropriation of \$278,197 total funds (including \$105,658 General Fund) for FY 2018-19, which is consistent with the Committee's common policy. The following table shows the recommended change from the FY 2017-18 appropriation.

MANAGEMENT AND ADMINISTRATION, INFORMATION TECHNOLOGY, CORE OPERATIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$236,105	\$89,650	\$29,560	\$116,895	\$0	0.0
TOTAL	\$236,105	\$89,650	\$29,560	\$116,895	\$0	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$236,105	\$89,650	\$29,560	\$116,895	\$0	0.0
Centrally appropriated line items	42,092	16,008	5,271	20,813	0	0.0
TOTAL	\$278,197	\$105,658	\$34,831	\$137,708	\$0	0.0
INCREASE/(DECREASE)	\$42,092	\$16,008	\$5,271	\$20,813	\$0	0.0
Percentage Change	17.8%	17.9%	17.8%	17.8%	n/a	n/a
FY 2018-19 EXECUTIVE REQUEST	\$247,935	\$94,141	\$31,042	\$122,752	\$0	0.0
Request Above/(Below) Recommendation	(\$30,262)	(\$11,517)	(\$3,789)	(\$14,956)	\$0	0.0

INFORMATION TECHNOLOGY ASSET MAINTENANCE

This line item provides funding for the Department to implement an asset management plan to achieve and maintain a standard information technology environment. Money is used to pay for critical hardware and software maintenance contracts, as well as the replacement of equipment (e.g., servers, switches, printers, or personal computers).

STATUTORY AUTHORITY: Section 22-2-112, C.R.S.

REQUEST: The Department requests \$862,146 General Fund for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: The dollar amount of the staff recommendation is pending the Committee's decision regarding the Department's capital construction information technology (IT) request (to be addressed during figure setting for capital construction IT, scheduled for March 15, 2018. Staff recommends approving the requested amount for the base for this line item. As discussed above with request R3, if the Committee approves the Department's capital construction IT request then staff recommends appropriating that amount in this line item (within the operating budget) rather than within the capital construction section of the Long Bill.

DISASTER RECOVERY

This line item provides funding for the equipment, disks, and tapes necessary to implement a disaster recovery plan. The Department uses the funds for: equipment and supplies; offsite tape rotation; and server lease payments.

STATUTORY AUTHORITY: Section 22-2-112, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$19,722 General Fund, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request.

PAYMENTS TO OIT

This line item, created in FY 2014-15, supports various payments to the Governor's Office of Information Technology (OIT) for services provided to the Department.

STATUTORY AUTHORITY: Section 24-27.5-104, C.R.S.

REQUEST: The Department requests \$744,086 total funds (including \$380,095 General Fund) based on OSPB's common policies. The request represents a reduction of \$60,961 total funds (\$23,147 General Fund) below the FY 2017-18 appropriation.

RECOMMENDATION: The staff recommendation for this line item is pending the Committee's decisions regarding OIT common policies. Staff will ultimately reflect the Committee's policy in the appropriation for this line item.

(C) ASSESSMENTS AND DATA ANALYSES

Background Information: Pursuant to H.B. 93-1313 and subsequent legislation, the Department developed educational model content standards in twelve subject areas and, each year since 1997, has administered student assessments in several subject areas and grades. The costs associated with administering the assessments include initial and ongoing development of the exams, printing and mailing of the exams (for paper versions), teacher training related to exam administration, scoring, and score reporting. The total cost of assessments thus directly relates to the number of subject areas and grade levels assessed each year.

Please note that the federal *No Child Left Behind Act*, passed by Congress in December 2001, required Colorado to implement four new assessments: mathematics assessments for third and fourth grade students; a science assessment for third, fourth or fifth grade students (Colorado chose fifth grade); and a science assessment for tenth, eleventh, or twelfth grade students (Colorado originally chose tenth grade but is now administering the exam in grade 11). House Bill 03-1306 [Section 22-7-409 (1) (g), C.R.S.] required the Department to develop and administer these four new assessments if the State received sufficient moneys from the federal government through the *No Child Left Behind Act*.

Senate Bill 08-212 [Section 22-7-1001 et seq., C.R.S.] expanded and connected instructional standards and assessments from preschool into college. The act required Colorado to:

- Establish definitions for school readiness and postsecondary and workforce readiness (PWR).
- Expand and revise P-13 standards to incorporate 21st Century skills, reflect PWR, and be internationally competitive.
- Launch a PWR assessments pilot program.
- Adopt new assessments which measure the newly adopted standards.
- Require all school boards to adopt pathways that lead to PWR and create endorsements for high school diplomas.
- Revise higher education admission requirements as necessary to incorporate the use of newly created standards and assessments that reflect college and workforce readiness.

As required by the act, the State Board of Education adopted new academic standards in 2009, conducted a PWR assessments pilot program, and approved the attributes of a new statewide assessment system that would align with the new standards. The adopted standards include the national "Common Core" standards, an effort initiated and managed by the National Governor's Association. However, Colorado's standards also go beyond the Common Core by including: (1) additional content areas beyond English language arts and mathematics; and (2) additional expectations within each content area that is covered by the Common Core.

The adoption of new standards requires the development of new assessments to measure students' knowledge relative to the new standards. Section 22-7-1006 (1) (a), C.R.S., required the State Board to adopt a new systems of assessments "on or before December 15, 2010, or as soon thereafter as fiscally practicable." After an extensive public participation process, the State Board adopted a framework of assessment attributes on December 6, 2010.

Because the Colorado Student Assessment Program (CSAP) was aligned to the former statewide standards and would not be a viable assessment of the new standards, the Department discontinued use of the CSAP (spring 2011 was the final use of the former assessment). The Department used a temporary assessment (Temporary Colorado Assessment Program, or TCAP) for reading, writing, and mathematics in spring 2012, 2013, and 2014 to allow time for: (1) the development of new assessments and (2) local education providers to fully transition to the new standards before being held accountable for teaching the new standards. The TCAP only assessed areas of overlap between the "old" and "new" standards and therefore covered only a subset of both sets of standards.

In order to align the State's system of assessments with the current standards, Colorado moved forward with a new set of assessments, titled the Colorado Measures of Academic Success (CMAS).

- In FY 2013-14, Colorado started administering new state-specific science and social studies assessments. The science assessment replaced the TCAP, and the social studies assessment represents the State's first statewide standardized assessment in social studies.
- In FY 2014-15, Colorado started administering consortium-based assessments for mathematics and English language arts. Pursuant to H.B. 12-1240, Colorado became a governing member of the Partnership for Assessment of Readiness for College and Careers (PARCC) in August 2012. The General Assembly provided additional funds to develop items specific to the Colorado standards in FY 2013-14 and 2014-15. The Department began administering the PARCC assessments, including the items specific to the Colorado standards in spring 2015.

House Bill 15-1323 (Changes to Statewide Assessments), enacted during the 2015 Session, made further changes to the statewide assessment system. Specifically, the bill:

- Eliminates the PARCC/CMAS assessments in mathematics and English Language Arts for grades 10 and 11;
- Requires the Department to administer a 10th grade college entrance preparation exam (the Department is administering the PSAT in FY 2015-16, which replaces the 10th grade PARCC/CMAS assessments in mathematics and English language arts);
- Requires the Department to continue to administer a college entrance exam to students in 11th grade and to administer the writing portion of the exam when requested to do so by students. Please note that the Department continued to administer the ACT to 11th graders in FY 2015-16 but has now transitioned to the SAT.

A second bill enacted during the 2015 Session, S.B. 15-056 (Frequency of Statewide Social Studies Testing) allows the Department to administer the statewide social studies assessment on a sampling basis.

House Bill 17-1181 (Required State Assessment for Ninth-grade Students), enacted in 2017, eliminates the statewide assessments in English language arts and mathematics that were previously administered to ninth grade students and instead requires school districts to administer the pre-college entrance exam that is aligned with the pre-college entrance exam administered in tenth grade and the college entrance exam administered in eleventh-grade. As a result, beginning in FY 2017-18 school districts are administering the PSAT in ninth- and tenth grade and the SAT in eleventh grade. The following table shows the planned assessments for FY 2018-19 by grade level based on current law, as modified by H.B. 15-1323 and H.B. 17-1181, as well as the current federal requirements under the Every Student Succeeds Act.

ANTICIPATED FY 2018-19 STATEWIDE ASSESSMENT SCHEDULE		
GRADE	COLORADO MEASURES OF ACADEMIC SUCCESS* (STATE REQUIREMENTS)	EVERY STUDENT SUCCEEDS ACT FEDERAL REQUIREMENTS
3	English language arts & Spanish language arts math	reading/language arts math
4	English language arts & Spanish language arts math social studies (sampled once in elementary)	reading/language arts math
5	English language arts math science	reading/language arts math science (in grades 3, 4, or 5)
6	English language arts math	reading/language arts math
7	English language arts math social studies (sampled once in middle school)	reading/language arts math
8	English language arts math science	reading/language arts math science (6, 7, 8, or 9)
9	Reading/writing: PSAT Evidence-Based Reading and Writing (EBRW) Math: PSAT	
10	Reading/writing: PSAT Evidence-Based Reading and Writing (EBRW) Math: PSAT	
11	Reading/writing: SAT Evidence-Based Reading and Writing (EBRW) Math: SAT	reading/language arts (9, 10, 11, or 12) math (9, 10, 11, or 12)

ANTICIPATED FY 2018-19 STATEWIDE ASSESSMENT SCHEDULE		
GRADE	COLORADO MEASURES OF ACADEMIC SUCCESS* (STATE REQUIREMENTS)	EVERY STUDENT SUCCEEDS ACT FEDERAL REQUIREMENTS
	science	science (10, 11, or 12)
	social studies (sampled once in high school)**	
K-12	English Language Proficiency	English Language Proficiency

*The Department also administers alternate assessments for children with the most significant cognitive disabilities who are unable to participate in the CMAS, even with accommodations. Alternate assessments are administered in the same grades and subjects as the general state assessments. The Department utilizes federal special education funding (IDEA Part B) to pay for the development and administration of alternate assessments outside of social studies.

**The Department has not administered the high school social studies assessment since 2015.

STATEWIDE ASSESSMENT PROGRAM (Line item name change recommended)

As discussed above (Staff Initiated Assessment Adjustments), staff is changing the name of this line item from the Colorado Student Assessment Program to the Statewide Assessment Program line item in FY 2018-19). The line item provides funding for the staff, operating expenses, and contract expenses associated with the standardized assessments, including the PARCC assessments in mathematics and English language arts, the state-specific science and social studies assessments, English proficiency assessments, Spanish language arts assessments, the PSAT, and the SAT.

STATUTORY AUTHORITY: Section 22-7-1006.3, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$32,519,687 total funds (including \$25,597,239 cash funds from the State Education Fund and \$6,922,448 federal funds) and 11.8 FTE for FY 2018-19. The request includes an increase of \$49,196 to annualize FY 2017-18 salary survey and merit pay appropriations.

RECOMMENDATION: Based on updated information provided by the Department (and the staff initiated adjustments discussed above), staff recommends an appropriation of \$33,164,549 total funds, including \$26,081,831 cash funds from the State Education Fund and \$7,082,718 federal funds, and 17.5 FTE for FY 2018-19. The staff recommendation, which is based on the best available information and contract cost estimates for FY 2018-19, represents an increase of \$694,058 total funds (including \$495,285 cash funds from the State Education Fund and \$198,773 federal funds) and 5.7 FTE above the FY 2017-18 appropriation for the *Colorado Student Assessment Program line item*. The recommendation includes the following changes from the FY 2017-18 appropriation:

- The consolidation of the Federal Grant for State Assessments and Related Activities line item into this line item and renaming the line item as the Statewide Assessment Program line item. The consolidation eliminates the Federal Grant for State Assessments and Related Activities line item and moves \$2,247,224 federal fund and 5.7 FTE into the newly named line item.
- An overall adjustment to reflect the federal funds anticipated to be available in FY 2018-19, which represents an increase of \$198,772 federal funds above the FY 2017-18 appropriation for the Colorado Student Assessment Program line item. However, the recommendation reflects a decrease of \$2,048,452 federal funds below the *combined* appropriations for the Colorado Student Assessment Program line item and the Federal Grant for State Assessments and Related Activities line item to align with projections of federal revenues available in FY 2018-19.

- An increase of \$495,285 cash funds from the State Education Fund to align with the best available estimates of contract costs for the statewide assessment system in FY 2018-19. The following table shows the recommended changes for both line items affected by the staff recommendation.

STAFF INITIATED STATEWIDE ASSESSMENT ADJUSTMENTS			
LINE ITEM	FY 2017-18 APPROPRIATION	FY 2018-19 STAFF REC.	CHANGE
Colorado Student Assessment Program/Statewide Assessment Program	\$32,470,491	\$33,164,549	\$694,058
FTE	11.8	17.5	5.7
Cash Funds (SEF)	25,586,546	26,081,831	495,285
Federal Funds	6,883,945	7,082,718	198,773
Federal Grant for State Assessments and Related Activities (Federal Funds)	\$2,247,224	\$0	(\$2,247,224)
FTE	5.7	0.0	(5.7)
Total	\$34,717,715	\$33,164,549	(\$1,553,166)
FTE	17.5	17.5	0.0
Cash Funds (SEF)	25,586,546	26,081,831	495,285
Federal Funds	9,131,169	7,082,718	(2,048,451)

Below is a detailed discussion of the recommended appropriation for this line item for FY 2018-19, followed by discussions of each major component of the recommendation.

Overview of Line Item Recommendation: The following table provides an overview of the existing FY 2017-18 appropriation and staff's recommendation for FY 2018-19. The sections following the table provide additional detail for each component shown in the overview.

SUMMARY OF FY 2018-19 RECOMMENDATION FOR STATEWIDE ASSESSMENT PROGRAM LINE ITEM				
DESCRIPTION	FY 2017-18 APPROPRIATION (WITH H.B. 17- 1181)	FY 2018-19 REQUEST	FY 2018-19 ESTIM./REC. (CONSOLIDATED LINE ITEM)	ANNUAL CHANGE
I. CMAS: Contract for developing, scoring, and reporting CMAS (not including alternate assessments) - math and English	<u>\$13,940,622</u>	<u>\$13,940,622</u>	<u>\$13,468,724</u>	<u>(\$471,898)</u>
Cash Funds - State Education Fund	11,998,875	12,232,939	11,818,847	(180,028)
Federal Funds	1,941,747	1,707,683	1,649,877	(291,870)
II. Alternate Math and English Assessments: Contract for developing, scoring, and reporting Alternate CMAS	<u>\$950,000</u>	<u>\$950,000</u>	<u>\$950,000</u>	<u>\$0</u>
Federal Funds	950,000	950,000	950,000	0
III. Science and Social Studies: Contract for developing, scoring, and reporting science and social studies assessments	<u>\$5,456,648</u>	<u>\$5,456,648</u>	<u>\$6,312,975</u>	<u>\$856,327</u>
Cash Funds - State Education Fund	5,208,292	5,208,292	6,025,644	817,352
Federal Funds	248,356	248,356	287,331	38,975
IV. Alternate Science and Social Studies: Contract to develop, score, and report Alternate assessments for science and social studies	<u>\$1,527,698</u>	<u>\$1,527,698</u>	<u>\$1,520,417</u>	<u>(\$7,281)</u>
Cash Funds - State Education Fund	983,600	983,600	977,145	(6,455)
Federal Funds	544,098	544,098	543,272	(826)
V. English Language Proficiency: Contract for developing, scoring, and reporting the Colorado English Language Assessment / (ACCESS)	<u>\$3,156,560</u>	<u>\$3,156,560</u>	<u>\$3,235,016</u>	<u>\$78,456</u>
Cash Funds - State Education Fund	1,037,080	1,037,080	1,061,900	24,820
Federal Funds	2,119,480	2,119,480	2,173,116	53,636
VI. SAT: SAT for 11th grade students and PSAT for 10th grade students - Cash Funds (State Education Fund)	<u>\$4,181,994</u>	<u>\$4,181,994</u>	<u>\$3,936,190</u>	<u>(\$245,804)</u>
VII. Spanish Language Arts:	<u>\$1,731,118</u>	<u>\$1,731,118</u>	<u>\$1,683,607</u>	<u>(\$47,511)</u>

SUMMARY OF FY 2018-19 RECOMMENDATION FOR STATEWIDE ASSESSMENT PROGRAM LINE ITEM				
DESCRIPTION	FY 2017-18 APPROPRIATION (WITH H.B. 17- 1181)	FY 2018-19 REQUEST	FY 2018-19 ESTIM./REC. (CONSOLIDATED LINE ITEM)	ANNUAL CHANGE
Cash Funds - State Education Fund	1,608,901	1,608,901	1,683,607	74,706
Federal Funds	122,217	122,217	0	(122,217)
VIII. Administration: Staff and operating expenses	\$1,525,851	\$1,575,048	\$2,057,620	\$531,769
FTE	<u>11.8</u>	<u>11.8</u>	<u>17.5</u>	<u>5.7</u>
Cash Funds - State Education Fund	567,804	578,498	578,498	10,694
Federal Funds	958,047	996,550	1,479,122	521,075
Total	\$32,470,491	\$32,519,688	\$33,164,549	\$694,058
FTE	<u>11.8</u>	<u>11.8</u>	<u>17.5</u>	<u>5.7</u>
Cash Funds - State Education Fund	25,586,546	25,831,304	26,081,831	495,285
Federal Funds	6,883,945	6,688,384	7,082,718	198,773

I. ENGLISH LANGUAGE ARTS AND MATHEMATICS – CONTRACT FOR DEVELOPMENT, SCORING, AND REPORTING RELATED TO CMAS IN MATHEMATICS AND ENGLISH LANGUAGE ARTS IN FY 2016-17 AND FY 2017-18

The largest component of this line item is a contract to develop, maintain, manufacture, score, and report the assessments in mathematics and English language arts. The costs for FY 2018-19 reflect the Department's estimates of costs for the CMAS. The following table details the basis for the FY 2018-19 recommendation. Because the contract is changing from a per-student cost in FY 2017-18 to an itemized cost in FY 2018-19, it is not possible to compare specific cost components between years.

MATH AND ENGLISH LANGUAGE ARTS TEST ADMINISTRATION COSTS			
DESCRIPTION	FY 2017-18 APPROPRIATION WITH H.B. 17- 1181	FY 2018- 19 ESTIMATE	ANNUAL CHANGE
Content Development		\$4,543,873	\$4,543,873
Ancillary Development		1,237,825	1,237,825
Program Management		1,229,337	1,229,337
Information Technology (test management, test admin and reporting systems)		1,122,899	1,122,899
Psychometrics		715,279	715,279
Quality Assurance/Customer Service		197,263	197,263
Product_Mg._Dist		853,584	853,584
Receiving/Scanning/Editing		350,727	350,727
Reporting		726,509	726,509
Scoring		2,061,503	2,061,503
Travel and Meetings		429,925	429,925
Total Assessments	\$13,940,622	\$13,468,724	(\$471,898)
Cash funds - State Education Fund	12,232,939	11,818,847	(414,092)
Federal Funds (Assessment & IDEA B)	1,707,683	1,649,877	(57,806)

Recommendation I. English Language Arts and Mathematics: As detailed in the above table, staff recommends providing \$13,468,724 total funds to cover the costs of mathematics and English language arts administration in FY 2018-19, representing a decrease of \$471,898 total funds from the final FY 2017-

18. The recommendation includes \$11,818,847 cash funds from the State Education Fund and \$1,649,877 federal funds.

II. ALTERNATE ENGLISH LANGUAGE ARTS AND MATHEMATICS – CONTRACT WITH PEARSON TO DEVELOP, SCORE, AND REPORT ALTERNATE ENGLISH LANGUAGE ARTS AND MATHEMATICS ASSESSMENTS FOR STUDENTS WITH COGNITIVE DISABILITIES

This component supports a contract with Pearson for the administration of alternate English language arts and math assessments. The following table summarizes the current and recommended appropriations for this component.

SUMMARY OF COSTS FOR ALTERNATE ENGLISH LANGUAGE ARTS AND MATH			
DESCRIPTION	FY 2017-18 APPROPRIATION	FY 2018-19 STAFF RECOMMENDATION	ANNUAL CHANGE
Totals Alternate Assessments	\$950,000	\$950,000	\$0
Federal Funds (Assessment & IDEA B)	950,000	950,000	0

Recommendation II. Alternate English Language Arts and Math: As shown in the table above, staff recommends reflecting a continuation appropriation of \$950,000 federal funds in FY 2018-19 for the development and administration of alternate English language arts and mathematics assessments for students with significant cognitive disabilities, with no change from the FY 2017-18 appropriation.

III. SCIENCE AND SOCIAL STUDIES – CONTRACT FOR SCIENCE AND SOCIAL STUDIES ASSESSMENTS

This component supports a contract for the ongoing development and administration of the Colorado-specific science and social studies assessments. The Department is contracting with Pearson for the administration of these assessments. The following table summarizes current estimates for this component.

SUMMARY OF COSTS ASSOCIATED WITH PEARSON CONTRACT FOR SCIENCE AND SOCIAL STUDIES			
DESCRIPTION	FY 2017-18 APPROPRIATION	FY 2018-19 ESTIMATE	ANNUAL CHANGE
Content Development	\$1,104,094	\$1,194,307	\$90,213
Ancillary Development	106,607	680,576	573,969
Program Management	601,830	586,482	(15,348)
Information Technology (2019: test management, test admin and reporting systems)	19,950	1,294,072	1,274,122
Psychometrics	235,330	263,418	28,088
Quality Assurance/Customer Service	91,067	112,356	21,289
Test Delivery System	319,405	merged into IT	n/a
Product_Mg._Dist	459,614	129,926	(329,688)
Receiving/Scanning/Editing	170,253	91,653	(78,600)
Reporting	396,896	421,132	24,236
Scoring	1,637,013	1,318,919	(318,094)
Travel and Meetings	314,589	220,134	(94,455)
Total Assessments	\$5,456,648	\$6,312,975	\$856,327

SUMMARY OF COSTS ASSOCIATED WITH PEARSON CONTRACT FOR SCIENCE AND SOCIAL STUDIES			
DESCRIPTION	FY 2017-18 APPROPRIATION	FY 2018-19 ESTIMATE	ANNUAL CHANGE
Cash funds - State Education Fund	5,208,292	6,025,644	817,352
Federal Funds (Assessment & IDEA B)	248,356	287,331	38,975

Recommendation III. Science and Social Studies: As detailed in the table above, staff recommends appropriating a total of \$6,312,975 for the ongoing development and administration of science and social studies assessments in FY 2018-19, including \$6,025,644 cash funds from the State Education Fund and \$287,331 federal funds. According to the Department, the new contract for science and social studies is more reflective of the vendor's actual costs than the previous contract, requiring an increase in funding to cover the additional contract costs.

IV. ALTERNATE SCIENCE AND SOCIAL STUDIES – CONTRACT TO DEVELOP, SCORE, AND REPORT ALTERNATE SCIENCE AND SOCIAL STUDIES ASSESSMENTS FOR STUDENTS WITH SIGNIFICANT COGNITIVE DISABILITIES

This component supports a contract for alternate science and social studies assessments for students with significant cognitive disabilities. The Department is also contracting with Pearson for the alternate assessments. The following table summarizes the current FY 2017-18 appropriation and the staff recommendation for FY 2018-19.

SUMMARY OF COSTS ASSOCIATED WITH PEARSON CONTRACT FOR ALTERNATE SCIENCE AND SOCIAL STUDIES			
DESCRIPTION	FY 2017-18 APPROPRIATION	FY 2018-19 ESTIMATE	ANNUAL CHANGE
Content Development	\$83,443	\$318,941	\$235,498
Ancillary Development	5,326	74,341	69,015
Program Management	355,787	206,254	(149,533)
Information Technology	199,007	267,852	68,845
Psychometrics	152,180	190,786	38,606
Quality Assurance/Customer Service	40,356	3,675	(36,681)
Test Delivery System	115,473	0	(115,473)
Product_Mg._Dist	102,355	20,180	(82,175)
Receiving/Scanning/Editing	1,758	42,937	41,179
Reporting	152,499	257,492	104,993
Scoring	0	0	0
Travel and Meetings	319,514	137,959	(181,555)
Totals Alternate Assessments	\$1,527,698	\$1,520,417	(\$7,281)
Cash funds - State Education Fund	983,600	977,145	(6,455)
Federal Funds (Assessment & IDEA B)	544,098	543,272	(826)

Recommendation IV. Alternate Science and Social Studies: As detailed in the table above, staff recommends appropriating a total of \$1,520,417 for the development and administration of alternate science and social studies assessments for students with significant cognitive disabilities in FY 2018-19, including \$977,145 cash funds from the State Education Fund and \$543,272 federal funds.

V. ENGLISH LANGUAGE PROFICIENCY (ACCESS)

The above contracts with Pearson do not include funding for the Colorado English Proficiency Assessment (ACCESS). Federal law requires Colorado to administer a single, statewide assessment to determine the English language proficiency level of English language learners, including an assessment in the areas of listening, speaking, reading, and writing, and the assessment is to be based on Colorado English language development standards for particular grade configurations. Previously, school districts utilized one of three assessments for this purpose. None of these assessments were aligned with Colorado English language development standards.

The ACCESS program consists of two distinct tests: (1) a screening test used soon after registration to evaluate students whose home language survey indicates that a language other than English is spoken in the home; and (2) an assessment test that is administered in January each year to students identified as “no English proficiency” (NEP), or “limited English proficiency” (LEP) in the body of evidence gathered in the screening process. The assessment test measures proficiency in the domains of listening, speaking, reading, and writing, and it is used to calculate academic growth rates for English language learners statewide.

The following table details the basis for the staff recommendation for FY 2018-19. For the past several years, the State has contracted with the University of Wisconsin to administer the ACCESS assessments. The Department began using a revised version of the assessment in FY 2015-16. The revised version includes both a paper-based form and an on-line form. The following table shows the FY 2017-18 appropriation and the FY 2018-19 recommendation for this component.

SUMMARY OF ENGLISH LANGUAGE PROFICIENCY COSTS ASSOCIATED WITH ACCESS CONTRACT WITH UNIVERSITY OF WISCONSIN			
DESCRIPTION	FY 2017-18 APPROPRIATION	FY 2018-19 ESTIMATE	ANNUAL CHANGE
Online Price per Student	\$26.25	\$27.75	\$1.50
Paper Price per Student	\$28.00	\$27.75	(\$0.25)
Alternate Price per Student	\$78.00	\$77.00	(\$1.00)
Total Population Estimate	<u>112,860</u>	<u>116,677</u>	<u>3,817</u>
<i>Online Population Estimate</i>	<i>56,430</i>	<i>57,755</i>	<i>1,325</i>
<i>Paper Population Estimate</i>	<i>56,430</i>	<i>57,755</i>	<i>1,325</i>
Alternate Population Estimate	1,184	1,167	(17)
Online Cost Estimate	\$1,481,288	\$1,602,701	\$121,413
Paper Cost Estimate	1,580,040	1,602,701	22,661
Alternate Cost Estimate	92,352	89,859	(2,493)
Additional Cost for Students Requiring Braille	2,880	2,253	(627)
Discount		(62,498)	(62,498)
Totals	\$3,156,560	\$3,235,016	\$78,456
Cash funds - State Education Fund	\$1,037,080	\$1,061,900	\$24,820
Federal Funds	\$2,119,480	\$2,173,116	\$53,636

Recommendation V. English Language Proficiency (ACCESS): As detailed in the table above, staff recommends appropriating \$3,235,016 total funds (including \$1,061,900 cash funds from the State Education Fund and \$2,173,116 federal funds) to support English language proficiency assessments in FY 2018-19.

VI. SAT AND PSAT – FUNDING FOR ADMINISTRATION OF SPRING 2018 SAT AND PSAT

Section 22-7-1006.3 (2), C.R.S., as enacted in H.B. 15-1323, requires the Department of Education to pay for and administer a college entrance examination to all 11th grade students that is administered throughout the United States and relied upon by institutions of higher education. The statute also now requires the Department to pay for and administer a college entrance *preparation* exam to all 9th and 10th graders that is aligned with the college entrance exam to be administered to those students as 11th graders. The Department administered the ACT to all 11th graders from 2001 (following the passage of S.B. 00-186) through 2016. However, under the requirements enacted in H.B. 15-1323, FY 2015-16 was the Department's final year administering the ACT, and the Department has transitioned to the College Board entrance exam (SAT) and preparation exam (PSAT).

The following table details the basis for the existing FY 2017-18 appropriation and staff's recommendation for FY 2018-19 for the SAT and PSAT.

SUMMARY OF COSTS ASSOCIATED WITH SAT			
DESCRIPTION	FY 2017-18 APPROPRIATION WITH H.B. 17-1181	FY 2018-19 ESTIMATE	ANNUAL CHANGE
College Entrance Test 22-7-1006.3 (2)(b) -- Required			
<i>Estimated # of students taking SAT</i>	60,000	61,817	1,817
Price per student	\$33.50	\$33.50	\$0.00
Subtotal:	\$2,010,000	\$2,070,870	\$60,870
College Entrance Test 22-7-1006.3 (2)(b) -- Student Request			
<i>Estimated # of Students taking writing</i>	82,772	61,817	(20,955)
Price per student	\$9.20	\$9.20	\$0.00
Subtotal:	\$761,502	\$568,716	(\$192,786)
10th Grade Test -- 22-7-1006.3(2)(a.5)*			
<i>Estimated # of students taking PSAT</i>	60,000	63,735	3,735
Price per student	\$12.00	\$12.00	\$0.00
Subtotal:	\$720,000	\$764,820	\$44,820
9th Grade Test -- 22-7-1006.3(2)(a)*			
<i>Estimated # of students taking PSAT</i>	62,772	66,473	3,701
Price per student	\$11.00	\$8.00	(\$3.00)
Subtotal:	\$690,492	\$531,784	(\$158,708)
TOTAL	\$4,181,994	\$3,936,190	(\$245,804)

Recommendation VI. SAT and PSAT: As detailed in the table above, staff recommends appropriating \$3,936,190 cash funds from the State Education Fund for the SAT and PSAT contract for FY 2018-19.

VII. SPANISH LANGUAGE ARTS – SUPPORT ADMINISTRATION OF A SPANISH LANGUAGE ARTS ASSESSMENT ALIGNED TO THE CURRENT STATEWIDE STANDARDS

This component supports the development and administration of Spanish literacy assessments. Section 22-7-1006.3 (4) (b), C.R.S., requires the Department to administer Spanish literacy assessments to eligible third and fourth graders.⁴ For eligible students, the Spanish reading and writing assessments

⁴ According to the Department, eligible students: (1) must be in grade 3 or 4; (2) must have had instruction in an English language proficiency program three years or less; and must have had instruction and assessments in their native language in reading and writing in the current or previous school year. In FY 2015-16, 2,071 students took these assessments, including 1,540 in grade 3 and 531 in grade 4.

substitute for the CMAS English language arts assessments. The following table shows the FY 2017-18 appropriation and FY 2018-19 staff recommendation for this component.

SUMMARY OF SPANISH LANGUAGE ARTS (READING AND WRITING)		
	FY 2017-18 APPROPRIATION	FY 2018-19 STAFF RECOMMENDATION
Totals - Spanish Language Arts	\$1,731,118	\$1,683,607
Administration of Assessment - CF - State Education Fund	1,608,901	1,683,607
Administration of Assessment - Federal	122,217	0

Recommendation VII. Spanish Language Arts: As detailed in the table above, staff recommends appropriating \$1,683,607 cash funds from the State Education Fund for Spanish language arts assessments in FY 2018-19.

VIII. ADMINISTRATION – SUPPORT FOR STATE STAFF THAT ADMINISTER ASSESSMENTS

The following table displays the personal services and operating expenses components of the Department's administration of the statewide assessment program, including the FY 2017-18 appropriation and the FY 2018-19 staff recommendation.

SUMMARY OF COSTS ADMINISTRATION PORTION OF STATE ASSESSMENT LINE ITEM			
DESCRIPTION	FY 2017-18 APPROP.	ADJUSTED TO FED ACTUAL	ANNUAL CHANGE
Subtotal Personal Services	\$1,437,704	\$1,954,990	\$517,286
FTE	<u>11.8</u>	<u>17.5</u>	<u>5.7</u>
Cash funds - State Education Fund	525,725	536,418	10,693
Federal Funds	911,979	1,418,572	38,503
Subtotal: Operating Expenses	<u>\$88,148</u>	<u>\$102,630</u>	<u>\$14,482</u>
Cash funds - State Education Fund	42,080	42,080	0
Federal Funds	46,068	60,550	14,482
Total Administration Costs	\$1,525,852	\$2,057,620	\$531,768
FTE	<u>11.8</u>	<u>17.5</u>	<u>5.7</u>
Cash funds - State Education Fund	567,805	578,498	10,693
Federal Funds	958,047	1,479,122	521,075

Recommendation VIII. Administration: As detailed in the table above, staff recommends appropriating \$2,057,620 total funds and 17.5 FTE for expenditures related to staff who administer the statewide assessment program in FY 2018-19. The recommendation aligns with anticipated expenditures in FY 2018-19 and reflects an increase of 5.7 FTE *in this line item* based on the consolidation of line items recommended as part of the Staff Initiated Assessment Adjustments (discussed above). The fund sources in staff's recommendation are based on information provided by the Department.

FEDERAL GRANT FOR STATE ASSESSMENTS AND RELATED ACTIVITIES

Beginning with the FY 2002-03 Long Bill, the General Assembly has reflected federal funds anticipated to be available to Colorado annually pursuant to the federal *No Child Left Behind Act* and now the *Every Student Succeeds Act*. This funding has been provided to states to cover the costs of developing additional statewide assessments and standards as required by the federal legislation. If a

state had already developed the required assessments and standards, it may use the federal funds for other activities related to ensuring that schools and local educational agencies are held accountable for results (e.g., developing challenging state academic content and student academic achievement standards and aligned assessments in academic subjects for which standards and assessments are not required by the federal legislation, ensuring the continued validity and reliability of state assessments, refining state assessments to ensure their continued alignment with the state's academic content standards and to improve the alignment of curricula and instructional materials).

STATUTORY AUTHORITY: 20 U.S.C. 7301

REQUEST: The Department requests continuation funding of \$2,247,224 federal funds and 5.7 FTE for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: As discussed above (Staff Initiated Assessment Line Item Consolidation), staff recommends eliminating this line item and including the funding and associated FTE in the newly-named Statewide Assessment Program line item to reflect the Department's management of assessment-related funding. If, however, the Committee elects to maintain the separate line items, staff recommends reflecting the requested funding and FTE for informational purposes. The following table shows the recommended change from the FY 2017-18 appropriation.

MANAGEMENT AND ADMINISTRATION, ASSESSMENTS AND DATA ANALYSES, FEDERAL GRANT FOR STATE ASSESSMENTS AND RELATED ACTIVITIES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$2,247,224	\$0	\$0	\$0	\$2,247,224	5.7
TOTAL	\$2,247,224	\$0	\$0	\$0	\$2,247,224	5.7
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$2,247,224	\$0	\$0	\$0	\$2,247,224	5.7
SI Assessment line item consolidation	(2,247,224)	0	0	0	(2,247,224)	(5.7)
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
INCREASE/(DECREASE)	(\$2,247,224)	\$0	\$0	\$0	(\$2,247,224)	(5.7)
Percentage Change	(100.0%)	n/a	n/a	n/a	(100.0%)	(100.0%)
FY 2018-19 EXECUTIVE REQUEST	\$2,247,224	\$0	\$0	\$0	\$2,247,224	5.7
Request Above/(Below) Recommendation	\$2,247,224	\$0	\$0	\$0	\$2,247,224	5.7

LONGITUDINAL ANALYSES OF STUDENT ASSESSMENT RESULTS

This line item provides funding and staff for longitudinal analyses of student assessment results, including the assignment of individual student identifiers for all students in public schools, including preschool children participating in the Colorado Preschool Program and disabled preschool children receiving special education services. The General Assembly has provided General Fund to support 4.1 FTE within this line item for ongoing work associated with the longitudinal data system. In addition, the Department received a federal grant to improve state longitudinal data systems in FY 2010-11, and used those funds through FY 2013-14. The Department used the federal grant to replace the state's data collection system, link student data from prekindergarten to the workforce, and provide

additional enhancements to the state's data systems. In FY 2014-15, H.B. 14-1298 (School Finance) appropriated \$298,000 cash funds from the State Education Fund to support the creation and assignment of unique student identifiers for children receiving state- or federally- subsidized early childhood education services. That amount is ongoing in the current appropriation.

STATUTORY AUTHORITY: Section 22-2-134, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$747,227 total funds (including \$447,082 General Fund and \$300,145 cash funds from the State Education Fund) and 4.1 FTE for FY 2018-19. The request includes an increase of \$10,835 total funds (including \$8,690 General Fund and \$2,145 cash funds from the State Education Fund) to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request for \$747,227 total funds and 4.1 FTE to support this line item in FY 2018-19. However, staff recommends appropriating a total of \$449,227 General Fund (an increase of \$2,145 General Fund above the request) and \$298,000 cash funds from the State Education Fund (\$2,145 below the request). The staff recommendation continues to support costs directly associated with the line item's FTE from the General Fund. The following table shows the recommended changes from the FY 2017-18 appropriation.

MANAGEMENT AND ADMINISTRATION, ASSESSMENTS AND DATA ANALYSES, LONGITUDINAL ANALYSES OF STUDENT ASSESSMENT RESULTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$736,392	\$438,392	\$298,000	\$0	\$0	4.1
TOTAL	\$736,392	\$438,392	\$298,000	\$0	\$0	4.1
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$736,392	\$438,392	\$298,000	\$0	\$0	4.1
Annualize prior year budget actions	10,835	10,835	0	0	0	0.0
TOTAL	\$747,227	\$449,227	\$298,000	\$0	\$0	4.1
INCREASE/(DECREASE)	\$10,835	\$10,835	\$0	\$0	\$0	0.0
Percentage Change	1.5%	2.5%	0.0%	n/a	n/a	0.0%
FY 2018-19 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$0	(\$2,145)	\$2,145	\$0	\$0	(0.0)

BASIC SKILLS PLACEMENT OR ASSESSMENT

With the enactment of H.B. 12-1345, the General Assembly established a program to reimburse school districts for costs incurred in administering basic skills placement or assessment tests. The bill authorized school districts to administer the tests as frequently as desired during high school but specifies that the state will only reimburse school districts for one administration per student. The bill provided \$1.0 million cash funds from the State Education Fund in FY 2012-13 for such reimbursements. The General Assembly created this line item in the FY 2013-14 Long Bill to continue to provide funding for the program but reduced the amount of funding to \$320,917 in FY 2013-14 based on actual use of the program. The General Assembly further reduced the appropriation to

\$50,000 for FY 2015-16 based on the lack of use of the program (there were no expenditures in FY 2014-15 or FY 2015-16). The Department reimbursed \$13,736 in expenses for FY 2016-17.

STATUTORY AUTHORITY: Section 22-32-109.5, C.R.S.

REQUEST: The Department requests a continuation appropriation \$50,000 cash funds from the State Education Fund for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request. The Department did see some use of the program in FY 2016-17. As the reimbursement program remains in statute, staff recommends maintaining the (limited) \$50,000 appropriation in case of need in FY 2018-19. Any unused funds will revert to the State Education Fund and be available for appropriation in FY 2019-20.

PRESCHOOL TO POSTSECONDARY EDUCATION ALIGNMENT

Senate Bill 08-212 (Colorado Achievement Plan for Kids or "CAP4K") required the State Board of Education, assisted by the Colorado Commission on Higher Education (CCHE), to develop standards and assessments for children progressing through the public education system [Sections 22-7-1001 through 1019, C.R.S.]. This line item provides funding for the personal services and operating expenses associated with the ongoing implementation of this bill.

STATUTORY AUTHORITY: Section 22-7-1001, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$638,994 total funds (including \$35,400 General Fund and \$603,594,753 cash funds from the State Education Fund) and 4.0 FTE for FY 2018-19. The request includes an increase of \$8,841 cash funds from the State Education Fund to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies for FY 2018-19.

EDUCATOR EFFECTIVENESS UNIT ADMINISTRATION

The General Assembly created this line item in FY 2012-13 to support the ongoing costs of the Educator Effectiveness Unit charged with implementation of S.B. 10-191 (Principal and Teacher Effectiveness).

STATUTORY AUTHORITY: Section 22-9-104, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,915,954 total funds (including \$1,786,431 General Fund and \$129,523 cash funds from the State Education Fund) and 12.5 FTE for FY 2018-19. The request includes an increase of \$50,344 total funds above the FY 2017-18 appropriation to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies for FY 2018-19.

ACCOUNTABILITY AND IMPROVEMENT PLANNING

The General Assembly created this line item in FY 2013-14 to support accountability and improvement planning efforts associated with the implementation of S.B. 09-163. The line item supports training, technical assistance, and data analysis provided to districts and schools, especially low-performing districts and schools. The line item also supports an independent State Review Panel to review struggling schools' and districts' improvement plans and advise the State Board of Education regarding consequences for those districts and schools under the "five-year clock" created by S.B. 09-163.

STATUTORY AUTHORITY: Section 22-11-201, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,753,560 total funds (including \$1,203,228 General Fund and \$550,332 federal funds) and 11.4 FTE for FY 2018-19. The request includes an increase of \$21,323 General Fund above the FY 2017-18 appropriation to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies for FY 2018-19.

LINE ITEMS SHOWN IN THE NUMBERS PAGES BECAUSE OF PRIOR YEAR FUNDING

The Department is not requesting, and staff is not recommending, funding for the following line item for FY 2017-18. However, the line item remains in the numbers pages at the end of this document because of funding provided in prior years.

EDUCATOR EFFECTIVENESS IMPLEMENTATION

The General Assembly created this line item in FY 2012-13 to support one-time costs associated with the implementation of S.B. 10-191 (Principal and Teacher Effectiveness). The FY 2012-13 appropriation provided a total of \$8,258,981, including \$6,426,830 cash funds from the State Education Fund (from one-time tax amnesty funds deposited pursuant to S.B. 11-184) and \$1,832,151 federal funds received through a federal Race to the Top grant in FY 2011-12. The General Assembly made the FY 2012-13 cash funds appropriation available for three years (through FY 2014-15) to allow the Department flexibility in the use of funds. The one-time state funding expired at the end of FY 2014-15. The federal funds originally expired in December 2015. However, the Department received an extension allowing them to spend the remaining funds through June 2017. The Department no longer has federal funds available for this line item and the line item was eliminated from the FY 2017-18 Long Bill.

(D) STATE CHARTER SCHOOL INSTITUTE

Background Information: This subsection includes funding for the State Charter School Institute (CSI), which is as an independent agency in the Department of Education. The CSI is allowed to authorize charter schools located within a school district's boundaries if the school district has not retained exclusive authority to authorize charter schools or if the school district allows the charter school applicant to seek CSI authorization. A nine-member board governs the CSI with a statutory mission to "foster high-quality public school choices offered through institute charter schools, including

particularly schools that are focused on closing the achievement gap for at-risk students". Statute authorizes the board to hire staff or contract employees. Any CSI staff shall be deemed employees subject to the state personnel system, except that all positions classified by the board as professional officers and professional staff "are declared to be educational in nature and exempt from the state personnel system". [Section 22-30.5-505 (1), C.R.S.]

Similar to a school district, the SCSi is authorized to use a portion of its charter schools' per pupil revenues to cover its expenditures related to authorizing and overseeing charter schools. Thus, statute directs the Department to withhold a portion of the State Share of Districts' Total Program funding from each school district where an Institute charter school is located and to forward the withheld amount to the Institute. Currently, a total of 4.0 percent may be withheld from payments to Institute charter schools and spent at the state level for the following purposes:

- Up to 3.0 percent for the CSI's costs for administration, oversight, and management services [Sections 22-30.5-513 (2) (b) and (4) (a), C.R.S.]; and
- Up to 1.0 percent for the Department as reimbursement for the reasonable and necessary costs associated with the CSI and its charter schools [Section 22-30.5-501 (4) (a) (I), C.R.S.].

Section 22-30.5-506, C.R.S., as amended by S.B. 12-121 during the 2012 Session, continuously appropriates the State Charter School Institute Fund, which is the Institute's primary fund source, to the Institute. Prior to FY 2012-13, the Institute's funds were subject to annual appropriation in the Long Bill. However, of the Institute's line items in the current Long Bill, three are now continuously appropriated and will be shown in the FY 2018-19 Long Bill for informational purposes only. Of the existing SCSi line items, only the Institute Charter School Assistance Fund and the Department Implementation of Section 22-30.5-501 et seq., C.R.S., line item are subject to appropriation (and the latter supports departmental operations rather than Institute operations). As discussed above (R6 CSI Mill Levy Equalization), the Department is also requesting the creation of a new line item to support mill levy equalization payments for SCSi schools, and that line item would be subject to annual appropriation.

There are currently 41 Institute charter schools⁵, located in 16 different school districts and serving more than 17,000 students (16,429.5 funded pupils). The Charter School Institute expects to remain at 41 schools for FY 2018-19. The Department is currently estimating a total pupil count of 17,298.3 pupils in FY 2018-19 (an increase of 581.8 (3.5 percent)).

⁵ Institute charter schools in FY 2017-18 include: *Adams - Adams 12*: Academy of Charter Schools, Crown Pointe Academy, Global Village Academy – Northglenn; *New America School – Thornton*, and *Pinnacle Charter School* (including elementary, middle, and high schools); *Adams - Brighton*: High Point Academy; *Adams - Commerce City*: Community Leadership Academy, Victory Prep Academy (including middle and high schools); *Adams - Westminster*: Crown Pointe Academy, Early College of Arvada and Ricardo Flores Magnon Academy; *Aurora*: Colorado Early Colleges – Aurora, New America School – Lowry, New Legacy Charter High School, and Montessori del Mundo; *Douglas County*: Colorado Early Colleges – Parker; *Eagle*: Stone Creek Charter School; *El Paso - Calhan*: Frontier Charter Academy; *El Paso - Colorado Springs*: Colorado Military Academy, Pikes Peak Prep, Thomas Maclaren Charter School, Colorado Springs Charter Academy, Colorado Springs Early Colleges, Global Village Colorado Springs, James Irwin Charter Academy, Launch High School; and Mountain Song Community School; *Garfield - Roaring Fork*: Ross Montessori and Two Rivers Community School; *Grand (East Grand)*: Indian Peaks Charter School; *La Plata - Durango*: Animas Charter School and Mountain Middle School; *Larimer - Poudre*: T.R. Paul Academy of Arts & Knowledge, Colorado Early Colleges – Fort Collins, Global Village Academy – Fort Collins; *Mesa - Mesa Valley*: Caprock Academy and Monument View Montessori; *Salida*: Salida Montessori Charter School; and *Steamboat Springs*: Mountain View Montessori Charter School.

STATE CHARTER SCHOOL INSTITUTE ADMINISTRATION, OVERSIGHT, AND MANAGEMENT

This line item reflects the SCSI's expenditure of a portion of Institute charter schools' per pupil funding. Section 22-30.5-513 (2) (b) authorizes the SCSI to withhold up to 3.0 percent of Institute charter schools' per pupil funding for administrative overhead costs for services provided to Institute charter schools. In prior years, this line item was subject to annual appropriation. However, Section 22-30.5-506 (1), C.R.S., enacted through S.B. 12-121, now continuously appropriates these funds to the SCSI.

STATUTORY AUTHORITY: Section 22-30.5-501 et seq., C.R.S. and Section 22-30.5-513, C.R.S.

REQUEST: The Department requests an appropriation of \$3,500,000 reappropriated funds and 11.7 FTE for FY 2018-19, with no change from the 2017-18 appropriation. The funds are continuously appropriated to the Department and are shown in the Long bill for informational purposes only.

RECOMMENDATION: Staff recommends approving the requested informational appropriation.

INSTITUTE CHARTER SCHOOL ASSISTANCE FUND

Sections 22-30.5-506 (4) and 22-30.5-515.5, C.R.S., transfer excess revenues retained by the Charter School Institute (over and above amounts necessary for the Institute's overhead administration costs) to the Institute Charter School Assistance Fund. Once in the Institute Charter School Assistance Fund, the moneys are subject to annual appropriation and are available for the following purposes:

- Awarding grants and interest-free loans to assist Institute charter schools in meeting capital construction needs, including obtaining financial assistance through the Building Excellent Schools Today (B.E.S.T.) program or repaying bonds issued by the Colorado Educational and Cultural Facilities Authority for construction of buildings; or
- Addressing "reasonable funding emergencies," as defined by rule of the Institute Board.

Under current law, this is the Institute's only line item that remains subject to annual appropriation. However, Section 22-30.5-515 (1)(c), C.R.S., limits the year-end balance of the fund to no more than \$750,000 at the end of any given year. The statute requires the SCSI to distribute any amount above \$750,000 remaining in the fund at the end of the year to all SCSI schools on an equal per pupil basis and continuously appropriates the excess balance to the SCSI. Thus, while the FY 2016-17 appropriation included only \$460,000 from the fund, the SCSI actually spent a total of \$1,224,425 from the fund to remain under the \$750,000 limit at the end of the fiscal year.

STATUTORY AUTHORITY: Section 22-30.5-515.5, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$460,000 cash funds from the Institute Charter School Assistance Fund, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request, while noting that the appropriation underestimates likely expenditures from the fund based on the balance limitations discussed above.

OTHER TRANSFERS TO INSTITUTE CHARTER SCHOOLS

This line item reflects anticipated transfers of other state moneys (e.g., state funding for categorical programs) to Institute charter schools. In prior years, the line item was subject to annual appropriation but the funds are continuously appropriated to the SCSi pursuant to S.B. 12-121.

STATUTORY AUTHORITY: Section 22-30.5-513 (9) (a), C.R.S.

REQUEST: The Department requests an informational appropriation of \$9,000,000 reappropriated funds for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request for an informational appropriation of \$9,000,000.

TRANSFER OF FEDERAL MONEY TO INSTITUTE CHARTER SCHOOLS

This line item reflects federal funds received by the SCSi for pass-through to Institute charter schools, along with the SCSi FTE supported with federal funds. Moneys appropriated to this line item are reflected as reappropriated funds because they are first reflected within other line items within the Department's budget (e.g., Special Education Programs for Children with Disabilities, English Language Proficiency Program, Federal Nutrition Programs, and Appropriated Sponsored Programs). The request reflects the SCSi's anticipated expenditures under the continuous appropriation provided by S.B. 12-121.

STATUTORY AUTHORITY: Section 22-30.5-501 et seq., C.R.S. and Section 22-30.5-513, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$7,600,000 reappropriated funds and 4.5 FTE, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request, to be shown in the Long Bill for informational purposes only.

DEPARTMENT IMPLEMENTATION OF SECTION 22-30.5-501 ET SEQ., C.R.S.

This line item authorizes the Department to spend a portion of SCSi charter schools' per pupil funding. Pursuant to Section 22-30.5-513 (4) (a) (I), C.R.S., the Department is authorized to withhold up to 1.0 percent of SCSi charter schools' per pupil funding as reimbursement for the "reasonable and necessary costs to the department to implement" [Part 5 of Title 22, Article 30.5, C.R.S.].

STATUTORY AUTHORITY: Section 22-30.5-513 (4) (a) (I), C.R.S.

REQUEST: The Department requests a continuation appropriation of \$231,648 reappropriated funds and 1.6 FTE, including an increase of \$4,143 to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies for FY 2018-19. The (non-SCSi) Department staff incur costs

associated with SCSi activities, and this line item is the mechanism to cover at least a portion of the necessary costs.

CSI MILL LEVY EQUALIZATION (NEW LINE ITEM REQUESTED)

With request R6 (CSI Mill Levy Equalization, discussed above), the Department is requesting the creation of this line item to support mill levy override equalization payments to SCSi schools authorized by H.B. 17-1375 (Distributing Mill Levy Override Revenue to Schools).

STATUTORY AUTHORITY: Section 22-30.5-513.1 (2)(b), C.R.S.

REQUEST: The Department requests an appropriation of \$11,047,724 total funds (including \$5,523,862 General Fund to be appropriated into the Mill Levy Equalization Fund and \$5,523,862 reappropriated funds to appropriate that amount out of the cash fund for distribution to SCSi schools).

RECOMMENDATION: As discussed above with request R6, staff recommends denying the request to create the requested line item to support mill levy equalization payments in FY 2018-19. If the General Assembly wishes to fund such equalization, staff would recommend pursuing separate legislation to clarify the intended distribution of equalization funds.

(E) INDIRECT COST ASSESSMENT

INDIRECT COST ASSESSMENT

Pursuant to the Committee's common policy to improve the transparency of the treatment of indirect costs, the FY 2013-14 Long Bill included a new subdivision and line item to reflect indirect cost assessments from the various subdivisions and line items in the Management and Administration division. The Department uses the funds collected to offset General Fund that would otherwise be required in the Management Administration division for the General Department and Program Administration line item and a variety of centrally appropriated line items.

STATUTORY AUTHORITY: Sections 24-31-101 and 102, C.R.S.

REQUEST: The Department requests \$647,730 total funds (including \$372,907 cash funds and \$274,823 federal funds), with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Based on updated information provided by the Department, staff recommends approving an appropriation of \$798,798 total funds (including \$459,879 cash funds and \$339,919 federal funds) for FY 2018-19. However, staff also requests permission to revise the amount if necessary based on the Committee's common policy decisions.

(2) ASSISTANCE TO PUBLIC SCHOOLS

This section provides funding that is distributed to public schools and school districts, as well as funding for Department staff who administer this funding or who provide direct support to schools and school districts. The following table summarizes staff's recommendation for the Assistance to Public Schools division.

ASSISTANCE TO PUBLIC SCHOOLS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 Appropriation						
SB 17-254 (Long Bill)	\$5,480,996,447	\$4,070,210,187	\$776,015,957	\$5,406,917	\$629,363,386	219.8
Other legislation	565,414	18,414	547,000	0	0	0.7
HB 18-1159 (Supplemental Bill)	7,990	0	0	7,990	0	0.0
HB 18-1171 (Mid-year School Finance)	0	0	0	0	0	0.0
TOTAL	\$5,481,569,851	\$4,070,228,601	\$776,562,957	\$5,414,907	\$629,363,386	220.5
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$5,481,569,851	\$4,070,228,601	\$776,562,957	\$5,414,907	\$629,363,386	220.5
R1/BA1/BA4 Total program increase	234,835,243	69,194,762	165,640,481	0	0	0.0
R2 Categorical programs increase	10,119,157	0	10,119,157	0	0	0.0
R7 Career development success pilot increase	1,000,000	1,000,000	0	0	0	0.0
BA2 HCPF interagency agreement	(26,260)	0	0	(26,260)	0	0.0
BA3 Rural teacher recruitment and grow your own	0	0	0	0	0	0.0
SI Facility schools adjustment	1,508,255	0	1,478,682	29,573	0	0.0
SI Breakfast after the bell adjustment	(29,389,256)	0	0	0	(29,389,256)	0.0
Financial transparency system maintenance	600,000	0	600,000	0	0	0.0
Indirect cost assessment adjustment	599,333	0	0	0	599,333	0.0
Centrally appropriated line items	4,094	0	0	4,094	0	0.0
Fund source adjustments	0	0	0	0	0	0.0
Annualize prior year budget actions	(831,146)	(971,564)	660,607	(932,553)	412,364	0.0
Annualize prior year legislation	(239,048)	3,508	(242,556)	0	0	(0.3)
Annualize FY 2017-18 supplemental	(7,990)	0	0	(7,990)	0	0.0
Interstate compact adjustment	(1,437)	0	(1,437)	0	0	0.0
TOTAL	\$5,699,740,796	\$4,139,455,307	\$954,817,891	\$4,481,771	\$600,985,827	220.2
INCREASE/(DECREASE)	\$218,170,945	\$69,226,706	\$178,254,934	(\$933,136)	(\$28,377,559)	(0.3)
Percentage Change	4.0%	1.7%	23.0%	(17.2%)	(4.5%)	(0.1%)
FY 2018-19 EXECUTIVE REQUEST	\$5,765,561,118	\$4,140,455,307	\$989,839,951	\$5,490,110	\$629,775,750	220.5
Request Above/(Below) Recommendation	\$65,820,322	\$1,000,000	\$35,022,060	\$1,008,339	\$28,789,923	0.3

DECISION ITEMS - ASSISTANCE TO PUBLIC SCHOOLS

→ R1/BA1/BA4 TOTAL PROGRAM INCREASE

REQUEST: As modified by budget amendments BA1 and BA4, the Department's request for school finance for FY 2018-19 would increase the state share of districts' total program funding by \$234.5 million total funds above the *original* FY 2017-18 appropriation and \$338.4 million total funds above the FY 2017-18 appropriation as adjusted by H.B. 18-1171. The request is based on the Office of State

Planning and Budgeting's (OSPB's) December 2017 forecast of the inflation rate for CY 2017 (a projection of 3.0 percent), as compared to the actual rate of 3.4 percent, and incorporates OSPB's projection of the local share of revenues for FY 2018-19 as well as the most recent projections of: the funded pupil count and the at-risk pupil count. As adjusted by BA1 and BA4, and based on the OSPB projections of local revenues, the request would:

- Increase *total program* funding by a total of \$366.9 million above the *original* FY 2017-18 level, including \$234.5 million in state funds and OSPB's projected increase of \$132.4 million in local revenues above the original estimate of local revenues for FY 2017-18. The request represents an increase of \$373.9 million above the FY 2017-18 appropriation as adjusted by H.B. 18-1171.
- Increase the General Fund appropriation for the state share of total program funding by \$69.2 million above the original FY 2017-18 appropriation and \$99.9 million above the adjusted FY 2017-18 appropriation.
- Increase the cash funds appropriation from the State Education Fund by \$158.0 million above the FY 2017-18 appropriation (the final version of H.B. 18-1171 does not adjust the State Education Fund appropriation). Please note that the request assumes that mid-year reductions to the state share of total program funding in FY 2017-18 would increase the balance of the State Education Fund. The final version of H.B. 18-1171 does not adjust the FY 2017-18 appropriation from the State Education Fund, so the projected fund balance is lower than that assumed in the request.
- Utilize an estimated \$21.9 million in cash funds the State Public School Fund originating from marijuana sales tax revenues deposited into the State Public School Fund pursuant to S.B. 17-167. Please note that H.B. 18-1101 (Retail Marijuana Sales Tax Appropriations for Schools) delays the availability of these funds until FY 2019-20.
- Decrease the cash funds appropriation from the State Public School Fund (not from marijuana sales tax revenues) by \$14.6 million below the original FY 2017-18 appropriation. Because the final version of H.B. 18-1171 eliminates the FY 2017-18 appropriation from the State Public School Fund to support total program, the request for \$58.6 million in FY 2018-19 represents an increase of that amount above the adjusted FY 2017-18 appropriation.
- Decrease the dollar value of the budget stabilization factor to \$728.3 million (a reduction of \$100.0 million below the original FY 2017-18 appropriation and \$94.1 million below the adjusted FY 2017-18 appropriation).

The following table shows the requested fund sources and the FY 2017-18 appropriation as adjusted by H.B. 18-1171.

RECOMMENDED FUND SOURCES FOR THE STATE SHARE OF DISTRICTS' TOTAL PROGRAM			
FUND SOURCE	FY 2017-18 APPROPRIATION	FY 2018-19 REQUEST	ANNUAL CHANGE
General Fund	\$3,892,433,539	\$3,992,352,092	\$99,918,553
<i>Annual Percent Change</i>	<i>8.4%</i>	<i>2.6%</i>	
Cash Funds (State Education Fund)	228,639,156	386,623,725	157,984,569
<i>Annual Percent Change</i>	<i>-51.1%</i>	<i>69.1%</i>	
Cash Funds (State Public School Fund)	0	58,600,000	58,600,000
<i>Annual Percent Change</i>	<i>-100.0%</i>	<i>#DIV/0!</i>	
Cash Funds (Marijuana Tax CF)	0	21,900,000	21,900,000
<i>Annual Percent Change</i>	<i>n/a</i>	<i>n/a</i>	
Total State Funds	\$4,121,072,695	\$4,459,475,817	\$338,403,122

Hold-harmless Full-day Kindergarten Funding: The request also includes an appropriation of \$8,550,176 cash funds from the State Education Fund for the Hold-harmless Full-day Kindergarten Funding line item to align with the requested appropriation for total program funding. The request represents an increase of \$366,450 above the original FY 2017-18 appropriation and \$371,079 above the FY 2017-18 appropriation as adjusted by H.B. 18-1171.

Additional Funding for Rural Schools: The Governor's request also includes a legislative proposal to continue to provide \$30.0 million for distribution to rural school districts in FY 2018-19. Senate Bill 17-267 provided \$30.0 million in one-time funding from marijuana tax revenues for this purpose in FY 2017-18 but did not anticipate continuation of the program. The Governor proposes to continue the distribution of funds in FY 2018-19 using the State Education Fund rather than marijuana tax revenues. The request treated the increase as part of the State Share of Districts' Total Program Funding line item. Because this portion of the requires separate legislation and is not part of the state share of total program, staff has addressed the continuation of rural school funding as a separate line item from the State Share of Districts' Total Program Funding.

RECOMMENDATION/ANALYSIS:

Total Program Funding: The Long Bill recommendations for school finance-related appropriations (including the State Share of Districts' Total Program Funding and Hold-harmless Full-day Kindergarten Funding) are pending the availability of data related to total program funding requirements for FY 2018-19. Pursuant to current law, the final staff recommendation will include the state funding necessary to maintain the budget stabilization factor in FY 2018-19 at the final level approved for FY 2017-18 (\$822,396,894 as adjusted in H.B. 18-1171). Based on preliminary estimates, staff anticipates that the Long Bill recommendation will require:

- \$4,386,861,735 total funds for the State Share of Districts' Total Program Funding for FY 2018-19. That amount represents an increase of \$265.8 million total funds above the FY 2017-18 appropriation (as adjusted by H.B. 18-1171).

Because of the timing of the General Assembly's final approval of H.B. 18-1171 and outstanding decisions affecting the availability of cash funds to support total program funding in FY 2018-19, the final dollar amount and the specific fund sources for the recommendation are pending. Staff will base the recommendation for the total amount of funding on the following assumptions:

- Current law requires the General Assembly to provide sufficient funding to prevent growth in the budget stabilization factor as a dollar amount from FY 2017-18 to FY 2018-19. The final version of H.B. 18-1171 sets the budget stabilization factor at \$822,396,894 in FY 2017-18, and the staff recommendation will provide sufficient state funding to maintain the budget stabilization factor at that level in FY 2018-19.
- In a change from FY 2017-18, the staff recommendation reduces the number of "new" slots for the Accelerating Students Through Concurrent Enrollment (ASCENT) program from 600 in FY 2017-18 to 500 in FY 2018-19. Current law allows school districts to roll unused slots forward from one year to the next (from the year of appropriation to the following year). According to the Department, in FY 2017-18, school districts are using a total of 533.5 ASCENT slots, including 197.0 slots that were rolled forward from FY 2016-17 and 336.5 "new" slots appropriated in FY 2017-18. Staff anticipates that 263.5 unused slots from FY 2017-18 will roll forward to FY 2018-

19. As a result, the staff expects the recommendation to makes a total of 763.5 slots available for FY 2018-19 (see table below). Joint Budget Committee Staff and CDE staff both expect that number to be sufficient to support the demand for slots in FY 2018-19.

ASCENT SLOT USAGE AND ROLL-FORWARD				
	FY 2015-16 ACTUAL	FY 2016-17 ACTUAL	FY 2017-18 ESTIMATE	FY 2018-19 ESTIMATE
"New" Appropriated slots (Long Bill footnote)	550.0	550.0	600.0	500.0
Slots rolled forward from prior year	0.0	104.0	208.0	263.5
Total Slots Available	550.0	654.0	808.0	763.5
Rolled forward slots used	0.0	98.5	197.0	NA
New slots used	431.5	331.0	336.5	NA
Total slots used	431.5	429.5	533.5	NA
Slots rolled forward to next year	104.0	208.0	263.5	NA
Slots expired (and reverted)	0	5.0	TBD	NA

The following table summarizes the key components of the Department's request and the staff recommendation for total program funding; the table also provides FY 2017-18 data for comparison purposes.

Total Program Funding <i>Estimate</i> for Long Bill				
	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Preliminary Est.	Annual Change
Funded Pupil Count /1,2	865,016.9	870,552.6	870,641.1	5,624.2
<i>Annual Percent Change</i>	0.7%	0.6%	0.7%	
Statewide Base Per Pupil Funding /3	\$6,546.20	\$6,742.59	\$6,768.77	\$222.57
<i>Annual Percent Change</i>	2.8%	3.0%	3.4%	
Total Program Funding PRIOR TO Negative Factor /1	\$7,450,314,093	\$7,730,083,203	\$7,751,913,977	\$301,599,884
LESS: Negative Factor Reduction /1	(822,396,894)	(728,280,474)	(822,396,894)	0
<i>Negative Factor as % of Total Program</i>	-11.0%	-9.4%	-10.6%	
EQUALS: Adjusted Total Program Funding	\$6,627,917,199	\$7,001,802,729	\$6,929,517,083	\$301,599,884
<i>Annual Percent Change</i>	4.0%	5.6%	4.6%	
Statewide Average Per Pupil Funding (for adjusted total program funding)	\$7,662.18	\$8,042.94	\$7,959.10	\$296.91
<i>Annual Percent Change</i>	3.3%	5.0%	3.9%	
Local Share of Districts' Total Program Funding	<u>\$2,506,844,504</u>	<u>\$2,542,326,912</u>	<u>\$2,542,655,348</u>	<u>\$35,810,844</u>
Property Tax Revenue /1	2,328,498,022	2,358,630,036	2,358,852,184	30,354,162
Specific Ownership Tax Revenue /1	178,346,482	183,696,876	183,803,164	5,456,682
<i>Annual Percent Change on Total</i>	9.9%	1.4%	1.4%	
State Share of Districts' Total Program Funding	\$4,121,072,695	\$4,459,475,817	\$4,386,861,735	\$265,789,040
<i>Annual Percent Change</i>	0.1%	8.2%	6.4%	
<i>State Share as Percent of Districts' Total Program</i>	62.2%	63.7%	63.3%	

1/ The data are based on Legislative Council Staff projection or calculation.

2/ The estimated pupil count for FY 2018-19 (preliminary estimate) includes: 14,180 FTE to serve 28,360 at-risk children through a half-day preschool program and 500 FTE to provide 500 ASCENT slots in FY 2018-19.

3/ The recommendation is based on the actual change in the Denver-Boulder consumer price index for CY 2017 (3.4 percent). The final request was based on the December 2017 OSPB Revenue Forecast, which was 3.0 percent.

Staff will prepare a separate memorandum for the Committee finalizing the recommended dollar amount and fund sources to support total program funding in FY 2018-19. The following assumptions will form the basis of the staff recommendation:

- Based on current law, the recommended Long Bill appropriation will maintain the budget stabilization factor at \$822,396,894, as approved for FY 2017-18 in H.B. 18-1171.
- As in recent years, staff recommends maintaining a balance of *at least* \$100.0 million in the State Education Fund at the end of FY 2018-19.
- Staff recommends targeting a balance of *at least* \$5.0 million in the State Public School Fund at the end of FY 2018-19, *excluding marijuana sales tax revenues collected in FY 2018-19*.
- Staff's current projections indicate that both cash funds supporting total program funding will end FY 2017-18 with significant fund balances, including \$161.8 million in the State Education Fund and \$96.1 million in the State Public School Fund. As a result, spending both cash funds down to the minimum recommended balances would utilize \$152.9 million in “one-time” funding in FY 2018-19. Staff recommends that the Committee spend down the available balances over multiple years to avoid creating a General Fund “cliff” in FY 2019-20.
- Please note that the staff recommendation for the FY 2018-19 Long Bill will not include \$21.9 million in marijuana sales tax revenues (deposited into the State Public School Fund pursuant to S.B. 17-267) as requested by the Governor. Senate Bill 17-267 deposits 12.59 percent of Marijuana special sales tax revenues to the State Public School Fund in FY 2018-19 and continuously appropriates those funds to the Department for the state share of total program funding. The Governor's request assumes those funds will be available for total program funding in FY 2018-19. However, H.B. 18-1101 (Retail Marijuana Sales Tax Appropriations for Schools, a JBC bill) makes those funds subject to annual appropriation and directs the General Assembly to spend such funds in the year after collection. As a result, the deposits from FY 2018-19 will not be available for appropriation until FY 2019-20.

Hold-harmless Full-day Kindergarten Funding: The staff recommendation for this line item is pending the Committee's final decisions regarding total program funding. Based on the staff recommendation that the Long Bill appropriation for the state share of districts' total program funding maintain the budget stabilization factor at \$822,396,894 in FY 2018-19, preliminary estimates indicate a need for \$8,498,576 for Hold-harmless Full-day Kindergarten Funding in FY 2018-19. Staff requests permission to adjust the appropriation for this line item based on the Committee's final decisions regarding total program funding in FY 2018-19.

Additional Funding for Rural Schools: : Staff recommends denying the request to appropriate the additional rural school funds as part of the FY 2018-19 Long Bill process. Based on concerns about the differences in need among rural school districts (as a result of differences in property tax base, mill levy override revenues, etc.), staff is not recommending continuation of the proposed distribution. However, if the Committee intends to continue the requested payments in FY 2018-19, staff recommends including the appropriation in the legislation authorizing the additional payment.

→ R2 CATEGORICAL PROGRAMS INCREASE

REQUEST: Amendment 23 requires the General Assembly to increase *total state funding* for all categorical programs (in aggregate) by at least the rate of inflation in FY 2018-19. The request, based on the OSPB-projected inflation rate for CY 2017 (3.0 percent), seeks an increase of \$8,928,668 cash funds from the State Education Fund, to be allocated among seven categorical programs in FY 2018-19. The following table shows the requested changes from the FY 2017-18 appropriation.

LONG BILL LINE ITEM	FY 2017-18 APPROPRIATION	FY 2018-19 REQUEST	CHANGE IN STATE FUNDING	PERCENT CHANGE
Special Education - Children with Disabilities	\$171,591,964	\$175,453,491	\$3,861,527	2.3%
English Language Proficiency Program	20,283,048	21,410,681	1,127,633	5.6%
Public School Transportation	57,651,722	58,883,588	1,231,866	2.1%
Career and Technical Education Programs	26,164,481	26,599,207	434,726	1.7%
Special Education - Gifted and Talented Children	12,355,524	12,502,440	146,916	1.2%
Expelled and At-risk Student Services Grant Program	7,493,560	9,493,560	2,000,000	26.7%
Small Attendance Center Aid	1,076,550	1,076,550	0	0.0%
Comprehensive Health Education	1,005,396	1,131,396	126,000	12.5%
Total	\$297,622,245	\$306,550,913	\$8,928,668	3.0%

RECOMMENDATION: Based on the actual change in the Denver-Boulder-Greeley CPI for CY 2017 (3.4 percent rather than the 3.0 percent anticipated in the request), staff recommends adding a total of \$10,119,156 state funds for categorical programs for FY 2018-19. Consistent with prior years and with the request, staff's recommendation would appropriate all of the recommended increases as cash funds from the State Education Fund. Using a similar allocation methodology to the request, staff recommends allocating the increase among seven categorical programs, as shown in the following table.

LONG BILL LINE ITEM	FY 2017-18 APPROPRIATION	STAFF RECOMMENDED CHANGE	FY 2018-19 STAFF REC. (STATE FUNDS)	PERCENT CHANGE
Special Education - Children with Disabilities	\$171,591,964	\$4,537,250	\$176,129,214	2.6%
English Language Proficiency Program	20,283,048	1,325,163	21,608,211	6.5%
Public School Transportation	57,651,722	1,447,428	59,099,150	2.5%
Career and Technical Education Programs	26,164,481	510,798	26,675,279	2.0%
Special Education - Gifted and Talented Children	12,355,524	172,517	12,528,041	1.4%
Expelled and At-risk Student Services Grant Program	7,493,560	2,000,000	9,493,560	26.7%
Small Attendance Center Aid	1,076,550	0	1,076,550	0.0%
Comprehensive Health Education	1,005,396	126,000	1,131,396	12.5%
Total	\$297,622,245	\$10,119,156	\$307,741,401	3.4%

ANALYSIS:

Background - Constitutional Funding Requirement: Programs designed to serve particular groups of students (e.g., students with limited proficiency in English) or particular student needs (e.g., transportation) have traditionally been referred to as "categorical" programs. Unlike public school finance funding, there is no legal requirement that the General Assembly increase funding commensurate with the

number of students eligible for any particular categorical program. However, Section 17 of Article IX of the Colorado Constitution requires the General Assembly to increase *total state funding* for all categorical programs annually by at least the rate of inflation plus one percent for FY 2001-02 through FY 2010-11, and by at least the rate of inflation for subsequent fiscal years. For example, in calendar year 2016 the percentage change in the Denver-Boulder consumer price index was 2.8 percent, so the General Assembly was required to increase state funding for categorical programs by at least that amount (\$8,106,422) for FY 2017-18.

The General Assembly determines on an annual basis how to allocate the required increase among the various categorical programs. Since FY 2000-01, the General Assembly has increased annual state funding for categorical programs by \$155.5 million. In certain fiscal years, the General Assembly elected to increase state funding by more than the minimum constitutionally required amount, resulting in appropriations that are now \$65.1 million higher than the minimum amount that would have otherwise been required. The following table details the allocation of the \$155.5 million among categorical programs.

INCREASES IN STATE FUNDING FOR CATEGORICAL PROGRAMS SINCE FY 2000-01				
LONG BILL LINE ITEM	FY 2000-01 APPROPRIATION	FY 2017-18 APPROPRIATION	TOTAL INCREASE IN ANNUAL APPROPRIATION OF STATE FUNDS SINCE FY 2000-01	
Special Education - Children with Disabilities	\$71,510,773	\$171,591,964	\$100,081,191	140.0%
English Language Proficiency Program	3,101,598	20,283,048	17,181,450	554.0%
Public School Transportation	36,922,227	57,651,722	20,729,495	56.1%
Career and Technical Education Programs	17,792,850	26,164,481	8,371,631	47.1%
Special Education - Gifted and Talented Children	5,500,000	12,355,524	6,855,524	124.6%
Expelled and At-risk Student Services Grant Program	5,788,807	7,493,560	1,704,753	29.4%
Small Attendance Center Aid	948,140	1,076,550	128,410	13.5%
Comprehensive Health Education	600,000	1,005,396	405,396	67.6%
Total	\$142,164,395	\$297,622,245	\$155,457,850	109.4%

The constitution also requires that money from the State Education Fund not supplant the level of General Fund appropriations existing on December 28, 2000, for categorical programs [see Section 17 (5) of Article IX of the Colorado Constitution]. Staff's recommendations for this section maintain \$141,765,474 in General Fund appropriations to comply with this requirement.

Finally, please note that pursuant to Section 22-55-107 (3), C.R.S., for the 2008-09 budget year and each budget year thereafter, on or before February 15, "the education committees of the house of representatives and senate, or any successor committees, may submit to the joint budget committee of the general assembly a joint recommendation regarding the allocation of the increase in total state funding for all categorical programs as required by subsection (1) of this section for the next budget year. The joint budget committee shall consider but shall not be bound by any joint recommendations made pursuant to this subsection (3) when developing the annual general appropriation bill for the budget year for which the joint recommendation is made". To date, these Committees have not made any such recommendation.

An overview of staff's recommendations related to the constitutionally required funding increase for this group of programs is below. A more detailed description of each categorical program line item,

including a description of the funds available -- other than state funds -- for each program may be found in the Line Item Detail section for categorical programs.

Allocation of Required Funding Increase for FY 2018-19: As noted above, the Constitution requires the General Assembly to increase total state funding for all categorical programs annually by at least the rate of inflation (based on the change in the Denver-Boulder Consumer Price Index for calendar year 2017) for FY 2018-19. The Department's request for FY 2018-19 includes an increase of \$8,928,668, based on a projected 3.0 percent inflation rate anticipated in the OSPB December 2017 Revenue Forecast.

Based on the actual change in the CPI for CY 2017 (3.4 percent), the Constitution requires and staff recommends adding a total of \$10,119,156 state funds for categorical programs for FY 2018-19. Staff's recommendation would appropriate all of the recommended increases as cash funds from the State Education Fund.

The Constitution requires the General Assembly to provide at least the recommended increase in FY 2018-19. Given the “base building” nature of categorical program increases (any increase becomes part of the base and requires additional inflationary increase), staff's recommendation includes the minimum level of funding required by the Constitution. Based on the Constitutional requirement for the increase, the General Assembly's key decision each year is how to allocate the required increase among categorical programs. Since December 2006, staff has recommended that the Committee consider four factors when allocating state funds among categorical programs:

1. Are districts statutorily required to provide the services?
2. If the program has a statutory reimbursement formula, how close does state funding come to the maximum statutory reimbursement?
3. What percent of districts' actual expenditures are covered by state and federal funds?
4. Are districts' expenditures for providing the service proportionate, or are certain districts impacted significantly more than others?

Staff presents the FY 2018-19 request and recommendation in two basic categories:

- The request and recommendation include increases of \$2.0 million for the Expelled and At-risk Student Services (EARSS) Grant Program and \$126,000 for the Comprehensive Health Education program (neither of which have received increases in recent years).
- The request and recommendation allocate the remaining funds (\$7,993,156 in the recommendation) among five programs (Special Education Programs for Children with Disabilities, the English Language Proficiency Program, Public School Transportation, Career and Technical Education, and Special Education Programs for Gifted and Talented Children) based on the relative gaps between the sum of state and federal funding available for each program and actual district expenditures (see Table A, below).

Component 1: EARSS and Comprehensive Health Education

The request includes increases for two programs that have not received increases in recent years:

- \$2.0 million for the EARSS program, which has not received an increase since FY 2010-11.

- \$126,000 for the Comprehensive Health Education program.

EARSS: The EARSS program provides grants to school districts, boards of cooperative services, and charter schools [see Section 22-38-101 et seq., C.R.S.] for the provision of educational services to expelled students and to students at risk of being suspended or expelled. Pursuant to Section 22-33-205, C.R.S., the Board is required to award grants based on the following:

- at least 45 percent of moneys appropriated for the program shall be annually awarded to applicants that provide educational services to students from more than one school district; and
- at least one-half of any increases in the appropriation for FY 2009-10 (\$500,000) shall be annually awarded to applicants that provide services and supports designed to reduce the number of truancy cases requiring court involvement and that also reflect the best interests of students and families.

The Department has submitted the request in response to increasing rates of suspension and truancy, which the Department reports represent early signs of a potential increase in the dropout rate.

- The Department has seen a 42 percent increase in the number of habitual truants since 2012, with 115,054 habitually truant students in 2016-17.⁶
- The Department also reports a 15 percent increase in the number of suspensions in the past three years, with 86,456 suspension incidents statewide in 2016-17.

The Department reports promising results for the EARSS program, with EARSS program participants exhibiting a lower dropout rate (2.0 percent) than the statewide student population as a whole (2.3 percent). For comparison, the Department reports that 18.6 percent of similar non-EARSS participant students dropped out in FY 2016-17. At an average cost of \$1,350 per student, the proposed increase will provide 20 additional grants and serve 1,400 more suspended, expelled, and habitually truant students. **Staff recommends approving the request.**

Comprehensive Health Education: The *Colorado Comprehensive Health Education Act of 1990* requires the Department of Education to promote the development and implementation of local comprehensive health education programs and local student wellness programs. The Department is to: develop recommended guidelines for implementing these local programs; develop a plan for training teachers to provide comprehensive health education and student wellness; and provide technical assistance upon the request of a school district or board of cooperative services (and within available resources).

The Comprehensive Health Education program provides funding for grants to school districts, facility schools, and boards of cooperative services to implement local comprehensive health education and student wellness programs, and for 1.0 FTE to administer the program and perform the duties required by the act. The Department of Education works with the Department of Public Health and Environment to review applications for state funding, and the State Board of Education allocates available funds. The Department reports that requests for funding have increased by approximately 10 percent, as has the population of Colorado students over that period. **Staff recommends approving the request.**

Component 2: Remainder of the Required Increase

⁶ Under Section 22-33-107 (3)(a)(I), C.R.S., a habitually truant student has four or more unexcused absences in a month or ten or more unexcused absences in a school year.

For the past several years, the Department and staff have used similar mechanisms to allocate the Constitutionally-required increases among categorical line items, based on the difference between state and federal funding provided for a program and school districts' actual expenditures. Thus, programs with a larger gap between state and federal funds and total district expenditures (those for which school districts are absorbing the greatest cost within their budgets) receive the largest increase. The FY 2018-19 request and recommendation continue that methodology, with the primary difference between the request and recommendation being the inflation rate (3.0 percent in the request vs. 3.4 percent in the staff recommendation).

The following pages include three tables associated with categorical funding.

- Table A shows the gap between state and federal funding and actual local expenditures in FY 2015-16 (the most recent year for which the necessary data are available).
- Table B shows the gap between FY 2016-17 funding levels and "full funding" for the programs with statutory formulas for that year.
- Table C summarizes the allocation recommended by staff, the allocation requested by the Department, and two other potential options for illustrative purposes.

English Language Proficiency Act Categorical Program Funding

Please note that the staff recommendation for the English Language Proficiency Act (ELPA) program is based on school districts' need as measured by the methodology used to determine the allocation of categorical program increases and assumes that the General Assembly will enact legislative changes to allow the full distribution of funds. Without legislative action to allow for a full distribution of funding, staff and the Department anticipate a reversion of approximately \$1.4 million in FY 2018-19.

As discussed at the Department's FY 2018-19 hearing with the Committee, changes in student counts in the English Language Proficiency Act (ELPA) program are driving reversions in state funding (including approximately \$380,000 in FY 2017-18). Current law (Section 22-24-104 (3), C.R.S.) requires the Department to allocate the categorical program funding in two parts:

- Three-quarters of the amount appropriated provides funding to districts serving students who: (a) speak languages other than English and do not comprehend or speak English (classified as Non-English Proficient or NEP); or (b) students who comprehend or speak some English, but whose primary comprehension or speech is in a language other than English (classified as Limited English Proficient or LEP). Annual funding per student for these students may not exceed \$400 or 20 percent of the state average per pupil operating revenues for the preceding year, whichever is greater.
- The remaining 25 percent of the amount appropriated is distributed to districts that serve students who comprehend and speak English and one or more other languages but whose English language development and comprehension is either: (1) at or below the district mean or below the mean or equivalent on a nationally standardized test; or (2) below the acceptable proficiency level based on the instrument or technique developed and approved by the Department. Annual per eligible student funding for these students may not exceed \$200 or 10 percent of the state average per pupil operating revenues for the preceding year, whichever is greater.

Under current law, students are also only eligible to receive state ELPA funding for a total of five years. Because a large number of students in the second category are no longer eligible for state funding based on the five-year limit, there are not currently enough *eligible* students in the second category to utilize 25.0 percent of the total funding within the statutory per pupil limit. During the FY 2018-19 hearing process, the Department recommended that the Committee sponsor legislation removing the per pupil funding caps from the ELPA statute.

It is important to note that it often takes more than five years for students to progress out of English language services and that state and federal law require school districts to continue to provide services beyond the five-year window based on the needs of the student.

- For example, in FY 2017-18, school districts provided English language services to 56,672 students that were no longer eligible for state funding, representing 44.1 percent of the 128,527 students receiving ELL services that year.
- School districts must absorb those costs within their operating budgets, increasing the gap between state and federal funds available for ELL services and the school districts' total costs for those services. In FY 2015-16, school districts spent \$168.5 million more on ELL services than was available in state and federal funding. That gap between available funds and district costs drives the Committee's allocation of the constitutionally required increases in categorical funding.

Because district expenditures on ELPA services justify the recommended increase using the Committee's accepted methodology, staff continues to recommend allocating funds to the program accordingly. Staff is also not recommending that the Committee pursue separate legislation to address the issue as a JBC bill. Rather, staff recommends that the Committee continue to encourage the Department and the Education Committees to correct the ELPA allocation problem (possibly through the annual School Finance Bill). However, staff does want to be sure that the Committee and the General Assembly are aware of the likely reversions in the absence of legislative action.

TABLE A: CATEGORICAL PROGRAM REVENUES AND EXPENDITURES: FY 2015-16

LONG BILL LINE ITEM	(a) STATE FUNDS	(b) FEDERAL FUNDS	(c) = (a) + (b) TOTAL STATE AND FEDERAL FUNDS	(d) TOTAL DISTRICT EXPENDITURES	(e) = (c)/(d) STATE/FEDERAL SHARE OF EXPENDITURES	(f) = (d) - (c) LOCAL SHARE OF EXPENDITURES
District Programs Required by Statute						
Special Education - Children with Disabilities a/	\$196,944,965	\$155,837,973	\$352,782,938	\$929,662,243	37.9%	\$576,879,305
English Language Proficiency Program b/	43,938,192	8,828,128	52,766,321	221,251,369	23.8%	168,485,048
Other Categorical Programs						
Public School Transportation	58,053,299	0	58,053,299	242,083,532	24.0%	184,030,233
Career and Technical Education	26,510,445	5,782,506	32,292,951	97,237,273	33.2%	64,944,322
Special Education - Gifted and Talented Children	9,667,657	0	9,667,657	31,602,020	30.6%	21,934,363
TOTAL						\$1,016,273,271

a/ State funding includes Public School Finance Act funding for preschool children with disabilities.

b/ State funding includes money provided through the English Language Learners Professional Development and Student Support Program.

TABLE B: MAXIMUM AMOUNT OF STATE FUNDS DISTRICTS WERE STATUTORILY ELIGIBLE TO RECEIVE FOR FY 2016-17

LONG BILL LINE ITEM	DESCRIPTION OF WHAT DETERMINES MAXIMUM STATE FUNDING	TOTAL STATE FUNDS	MAXIMUM STATE FUNDING	PERCENT OF MAXIMUM COVERED BY STATE FUNDS	ESTIMATED INCREASE REQUIRED TO FUND STATUTORY MAXIMUM
District Programs Required by Statute					
Special Education - Children With Disabilities a/	Driven by the number of children requiring special education services, characteristics of the children eligible for such services, and the cost of such services	\$164,517,697	\$247,276,250	66.5%	\$82,758,553
English Language Proficiency Program b/	Driven by the number of eligible students and statewide average per pupil operating revenue	45,785,784	168,817,109	27.1%	123,031,325
Other Categorical Programs (with specified statutory reimbursement levels)					
Public School Transportation	Driven by total miles traveled and total transportation-related costs (excluding capital outlay expenses)	57,882,392	94,751,317	61.1%	36,868,925
Colorado Vocational Distributions Act	Driven by the number of students participating in vocational education programs and the costs of such services per FTE in relation to each districts per pupil operating revenue	26,898,695	25,639,363	104.9%	(1,259,332)
Small Attendance Center Aid	Driven by the number of eligible schools, such schools' enrollment, and eligible districts' per pupil funding	1,076,550	1,149,600	93.6%	73,050
TOTAL					\$241,472,521

a/ The estimated increase to fund the statutory maximum for special education for children with disabilities is based on the following: \$118,126,250 (\$1,250 for each student with disabilities); \$124,650,000 (assuming districts received \$6,000 per student for 100 percent of the 20,775 students with specified disabilities, rather than for 33.6 percent of these students); \$4,000,000 for high cost grants; and \$500,000 for "educational orphans." Staff has not attempted to estimate the costs of "fully funding" the high cost grant program.

b/ The State funds provided for the English Language Proficiency Program in FY 2016-17 include \$18,785,784 provided through the English Language Proficiency Program categorical program and \$27,000,000 distributed through the English Language Learners Professional Development and Student Support program which is outside of the categorical program but offsets districts' costs to provide services to English language learners.

TABLE C: REQUIRED INCREASE IN *STATE* FUNDING FOR CATEGORICAL PROGRAMS IN FY 2018-19

LONG BILL LINE ITEM	FY 17-18 APPROP.	EXAMPLES OF OPTIONS FOR ALLOCATING REQUIRED INCREASE							
		A: STAFF RECOMM.	%	B: DEPT. REQUEST	%	C	%	D	%
Special education programs for children with disabilities	\$171,591,964	\$4,537,250	2.6%	\$3,861,527	2.3%	\$9,049,463	5.3%	\$5,834,127	3.4%
English language proficiency programs	20,283,048	1,325,163	6.5%	1,127,633	5.6%	\$1,069,693	5.3%	689,624	3.4%
Public school transportation	57,651,722	1,447,428	2.5%	1,231,866	2.1%	0	0.0%	1,960,158	3.4%
Career and technical education	26,164,481	510,798	2.0%	434,726	1.7%	0	0.0%	889,592	3.4%
Special education programs for gifted and talented children	12,355,524	172,517	1.4%	146,916	1.2%	0	0.0%	420,088	3.4%
Expelled and at-risk student services grant program	7,493,560	2,000,000	26.7%	2,000,000	26.7%	0	0.0%	254,781	3.4%
Small attendance center aid	1,076,550	0	0.0%	0	0.0%	0	0.0%	36,603	3.4%
Comprehensive health education	1,005,396	126,000	12.5%	126,000	12.5%	0	0.0%	34,183	3.4%
Totals (may not sum due to rounding)	\$297,622,245	\$10,119,156	3.4%	\$8,928,668	3.0%	\$10,119,156	3.4%	\$10,119,156	3.4%

Description of Potential Allocation Options

A: Staff recommendation, based on actual 2.8 percent inflation rate.

B: Department's request, based on projected 2.7 percent inflation rate.

C: Provide a 5.3% increase for children with disabilities and English language proficiency programs (programs required by statute).

D: Provide the same percentage increase for all programs.

→ R7 CAREER DEVELOPMENT SUCCESS PILOT INCREASE

REQUEST: The Governor's Office requests an increase of \$1.0 million General Fund for the Career Development Success Pilot Program created in H.B. 16-1289. The funds would support additional incentive payments for school districts and charter schools to encourage high school students to complete qualified industry-recognized certificate programs, internships, pre-apprenticeship programs, and advanced placement computer science courses. With \$1.0 million General Fund supporting the program in FY 2017-18, the request would double the program's current level of funding.

RECOMMENDATION: Staff recommends approving the request. School district interest and participation in the program (based on qualified programs completed in FY 2016-17) has exceeded the funds available to support the program in FY 2017-18, and additional funding is necessary to support the incentive payments authorized for the program.

ANALYSIS: House Bill 16-1289 created the Career Development Success Pilot Program to provide incentives for school districts and charter schools to encourage students to participate in qualified career development programs. The program, which repeals under current law in September 2019, authorizes incentive payments of up to \$1,000 per student completing qualified programs in the following priority order (such that lower priority programs are only funded if higher priority programs are fully funded):

- Industry-recognized certificates.
- Internships.
- Residency programs.
- Construction pre-apprenticeships.
- Construction industry apprenticeships.
- Advanced placement computer science courses.

The program pays incentives in the fiscal year following completion of the qualified program. Thus, FY 2017-18 payments supported rewards for programs that had been completed in FY 2016-17. A total of 27 school districts and one charter school participated in the program and reported program completions in FY 2016-17, including a total of 3,106 total credential/course completions. As shown in the following table, the \$1.0 million General Fund appropriation in FY 2017-18 allowed the Department to provide payments of \$553.40 per student that completed industry-recognized certificates (a pro-rated reduction from the \$1,000 per student authorized in the bill). However, the Department was unable to provide payments for any of the other program types authorized in the bill.

FY 2017-18 CAREER DEVELOPMENT SUCCESS PILOT PROGRAM PARTICIPATION					
QUALIFIED PROGRAM	COMPLETIONS REPORTED BY PARTICIPATING DISTRICTS	FULL FUNDING AT \$1,000 PER INCENTIVE	NUMBER OF INCENTIVES FUNDED	ACTUAL FUNDING PER INCENTIVE	TOTAL FY 2017-18 PAYMENTS
Industry-recognized certificates	1,807	\$1,807,000	1,807	\$553.40	\$999,994
Internships	470	470,000	0	0	0
Residency programs	0	0	0	0	0
Construction Pre-apprenticeships	86	86,000	0	0	0
Construction Industry Apprenticeships	0	0	0	0	0

FY 2017-18 CAREER DEVELOPMENT SUCCESS PILOT PROGRAM PARTICIPATION					
QUALIFIED PROGRAM	COMPLETIONS REPORTED BY PARTICIPATING DISTRICTS	FULL FUNDING AT \$1,000 PER INCENTIVE	NUMBER OF INCENTIVES FUNDED	ACTUAL FUNDING PER INCENTIVE	TOTAL FY 2017-18 PAYMENTS
Advanced placement computer science courses	743	743,000	0	0	0
Total	3,106	\$3,106,000	1,807	\$553.40	\$999,994

As shown in the table, fully funding \$1,000 per student in FY 2017-18 would have required \$3.1 million. Given the significant demand for (and participation in) qualified programs, staff recommends approving the request for an increase of \$1.0 million General Fund in FY 2018-19.

→ BA2 HCPF INTERAGENCY AGREEMENT

REQUEST: The request includes an increase of \$6,719 reappropriated funds above the FY 2017-18 appropriation as adjusted by H.B. 18-1159 (FY 2017-18 Supplemental) for the S.B. 97-101 Public School Health Services line item. The request seeks a total appropriation of \$185,688 for the line item to align with the Department's interagency agreement with the Department of Health Care Policy and Financing.

RECOMMENDATION: Staff recommends approving a total appropriation of \$185,688 reappropriated funds associated with this program. However, to align with the Committee's standard practices, staff recommends reflecting \$148,550 in the S.B. 97-101 Public School Health Services line item and the remainder (\$37,138) in the Department's centrally appropriated line items (please note that this amount may change based on the Committee's common policy decisions). While staff supports the request for \$185,688 in funding associated with the program to align with the departments' interagency agreement, the Department's request overstates the program's budget by "double counting" a total of \$37,138 of that amount by reflecting funds in centrally appropriated line items *and* in the S.B. 97-101 Public School Health Services line item. The staff recommendation eliminates the double counted funds and aligns the total appropriation (including the centrally appropriated amounts) with the departments' agreement. The following table compares the Department's request and the staff recommendation; the centrally appropriated items are subject to change based on the Committee's final common policy decisions.

BA2 HCPF INTERAGENCY AGREEMENT			
LINE ITEM	FY 2018-19 REQUEST	FY 2018-19 STAFF REC.	CHANGE FROM REQUEST
S.B. 97-101 Public School Health Services	\$185,688	\$148,550	(\$37,138)
Health, Life, and Dental ¹	15,355	15,355	0
Short-term Disability ¹	262	262	0
AED ¹	8,121	8,121	0
SAED ¹	8,121	8,121	0
Salary Survey - Classified ¹	661	661	0
Salary Survey - Exempt ¹	4,618	4,618	0
Total	\$222,826	\$185,688	(\$37,138)

¹The Department's request classifies the centrally appropriated amounts as federal funds because they originate as federal funds. The staff recommendation classifies *all* funds associated with this program as reappropriated funds. Some centrally appropriated amounts (particularly salary survey, AED, and SAED) are subject to change based on the Committee's final common policy decisions.

*ANALYSIS:***BACKGROUND: S.B. 97-101 PUBLIC SCHOOL HEALTH SERVICES**

Section 25.5-5-318, C.R.S. (S.B. 97-101), authorizes school districts, boards of cooperative educational services (BOCES), and state K-12 educational institutions to be reimbursed through Medicaid for health care services⁷ provided to Medicaid-eligible students. In order to do so, districts and BOCES must certify local expenditures on health care services in order to claim and receive federal Medicaid funding.

Districts must use the Medicaid funds received through the program to provide student health care services. Each district is required to develop a local services plan that identifies the types of health services needed by students and the services it plans to provide. Districts spend the Medicaid funds for a variety of health-related purposes. The majority of funds are spent: providing nursing and other health clinic services; providing mental health services; providing speech, language, and vision services; providing physical and occupational therapy services; for health-related materials, equipment, and supplies; and conducting health insurance outreach activities (for Medicaid and CHP+).

The Department of Health Care Policy and Financing is responsible for the Medicaid billing aspects of the program, including developing regulations and administrative guidelines for submitting claims and contracting with individual districts. The Department of Education is responsible for providing technical assistance to districts in meeting administrative requirements and developing local service plans. Up to ten percent of the federal Medicaid funds that districts "earn" may be used to cover administrative costs incurred by the Department of Health Care Policy and Financing (DHCPF) and the Department of Education, and the remainder is paid directly to districts and BOCES for the provision of health care services. While the appropriation to DHCPF reflects both federal Medicaid funds (reflected as federal funds) and local certified matching funds (reflected as cash funds), since FY 2006-07 the appropriation to the Department of Education has only reflected federal Medicaid funds (reflected as reappropriated funds) received by the Department of Education to administer the program.

FY 2017-18 SUPPLEMENTAL AND FY 2018-19 REQUEST

With H.B. 18-1159, the General Assembly approved a supplemental increase of \$7,990 in FY 2017-18, for a total appropriation of \$178,969 and 1.4 FTE. The supplemental was intended to align appropriations for the Public School Health Services program with the Departments' interagency agreement. Request BA2 proposes to continue the increase provided in the FY 2017-18 supplemental and to align with the Departments' agreement for FY 2018-19. However, in researching the request, staff has learned that the Department's total request effectively double counts centrally appropriated amounts associated with this program by reflecting federal funds in the centrally appropriated line items and reappropriated funds in the S.B. 97-101 Public School Health Services line item.

Staff recommends eliminating the double count of funds and reflecting a total appropriation of \$185,688 reappropriated funds associated with this program, including \$148,550 in the S.B. 97-101 Public School Health Services line item and a total of \$37,138 allocated among the centrally

⁷ Services for which districts may bill Medicaid include: targeted case management (e.g., time spent developing an individual education plan for a student eligible for special education services or a health care plan for a student with diabetes); direct services (e.g., providing services as mandated in a student's individual education plan); diagnostic services (e.g., a special education-related evaluation); and health encounters (e.g., a school nurse treating a student with a stomach ache).

appropriated line items. Staff requests permission to adjust the centrally appropriated amounts to align with the Committee’s final common policy decisions. The staff recommendation aligns with the Department’s anticipated expenditures for the program in FY 2018-19, eliminates \$37,138 in double counted funds from the Department’s budget, and aligns the program’s appropriations with the Committee’s standard practices.

→ BA3 RURAL TEACHER RECRUITMENT AND GROWN YOUR OWN PROGRAM

REQUEST: The Governor’s Office requests one-time funding of \$8.0 million cash funds from the Marijuana Tax Cash Fund (MTCF) in FY 2018-19 to establish the Rural Teacher Recruitment and Grown Your Own Program to support teacher recruitment and retention efforts by rural districts. The request includes a proposal for separate legislation to create the program but also proposes the creation of a new line item called “Rural Teacher Recruitment and Grow Your Own Program.” The proposal includes two components, both of which consist of one-time funding from the MTCF:

- \$7.5 million to be distributed to 147 rural districts (\$51,000 per district) to support educator recruitment and retention efforts, including the creation of “grow your own” educator preparation programs and/or the support of incentives to improve recruitment and retention.
- \$500,000 to create a statewide marketing campaign to highlight the importance of the teaching profession and improve teacher recruitment.

RECOMMENDATION: Given that the request requires separate legislation, staff does not recommend the creation of a Long Bill line item to support the proposed program. Rather, staff recommends that any separate legislation intended to address the teacher shortage carry the appropriation necessary to implement the bill. Staff also does not recommend that the Committee carry the proposed legislation as a JBC bill. Instead, staff recommends that the Committee defer to the Education Committees and the standard legislative process although the Committee may wish to consider setting aside funds for separate legislation addressing the teacher shortage.

ANALYSIS: The Governor’s Office has submitted the request in response to the State’s teacher shortage and a recent report from the Department of Higher Education. The General Assembly enacted H.B. 17-1003 (Concerning a Strategic Action Plan to Address Teacher Shortages in Colorado) during the 2017 Session. In response to the legislation, the Departments of Education and Higher Education collaborated to analyze the teacher shortage and to create a strategic action plan.⁸

The request and report note that the extent and causes of the shortage vary statewide, between districts, and between schools within districts. Many districts have particular challenges with specific subject areas such as math, science, and special education. The request cites a variety of reasons for the shortage of qualified teacher candidates: low salaries, rising costs of higher education and student debt, competition with higher salary professions, licensure costs, decreases in job satisfaction associated with accountability measures, educator preparation program requirements, and financial challenges caused by restrictions on full-time employment during the student teaching practicum.

⁸ The Department of Higher Education report, *Colorado’s Teacher Shortages: Attracting and Retaining Excellent Educators*, is available at: https://higher.ed.colorado.gov/Publications/Reports/teachereducation/2017/COTeacherShortageStrategicPlan_Dec2017.pdf

According to the request, Colorado has seen a decrease in both enrollment in and completion of educator preparation programs (EPPs) over the past seven years, with enrollment decreasing by 23.0 percent and program completions decreasing by 24.4 percent since 2010. While the supply of qualified candidates has declined, the demand for teachers statewide has increased, forcing the State to annually license roughly 50 percent of new teachers from out-of-state applicants. Recruiting to that degree from out-of-state applicants presents recruitment and retention challenges, especially in rural areas. The request seeks to increase the supply of in-state, and especially local (candidates that are already connected to the communities in question), candidates in order to improve recruitment and retention of high quality teachers.

The request proposes one-time funding of \$8.0 million cash funds from the Marijuana Tax Cash Fund to address these challenges, including two components: \$7.5 million distributed to 147 rural districts (\$51,000 per district) for the “Grow Your Own” initiative; and (2) \$500,000 for the “Teach in Colorado” marketing campaign.

Grow Your Own Initiative: The request proposes to distribute \$7.5 million to 147 rural school districts (at a flat rate of \$51,000 per school district) to support the creation of “grow your own” educator recruitment programs and to initiate incentives to improve the recruitment and retention of teachers based on district needs.

- The proposed legislation would require school districts to spend at least 30.0 percent of funding received through the program on “Grow Your Own” programs focus on recruiting teachers that are already connected to communities (and probably more likely to stay in the communities). Such programs target (and may facilitate the preparation and licensure of) paraprofessionals already serving in schools, community members, and/or secondary students interested in a teaching career. The request proposes to include a menu of grow your own options that would all be “research based.” According to the Governor’s Office, “research based” describes “programs or concepts that are derived from or informed by objective evidence – most commonly, educational research or metrics of school, teacher, and student performance.”
- The proposal would also allow school districts to use a maximum of 70.0 percent of program funds to create immediate incentives to help recruit teachers based on the districts’ needs.

The following table summarizes illustrative options of grow your own programs and immediate incentives proposed by the Department. The proposal would allow local school districts to select from this menu of options (among others) based on local needs.

BA3 RURAL TEACHER RECRUITMENT AND GROW YOUR OWN PROGRAM	
ILLUSTRATIVE GROW YOUR OWN PROGRAMS (AT LEAST 30 PERCENT OF FUNDING)	ILLUSTRATIVE INCENTIVE OPTIONS (UP TO 70 PERCENT OF FUNDING)
Create local teacher cadet programs	Moving/relocation expenses
Paraprofessional stipends to pursue teacher licensure	Technology expenses
Professional development, endorsements, advanced degrees for currently licensed staff	Buy back of time for dual planning periods for new-to-the-profession teachers
Stipends and streamlined pathways for adults holding undergraduate degrees to transition to education	Induction support for new-to-the-profession teachers
Cost of living stipends for candidates in educator preparation programs.	Housing bonuses
	Signing bonuses
	Mentor teacher stipends

The Department also points to stipends paid during the student teaching practicum, a feature of some alternative licensure programs (such as the PEBB Boettcher Teacher Residency) as a promising option. According to the Governor's Office, the goal is to provide funding and maximum flexibility for local school districts to implement promising strategies to address the local needs.

Points to Consider – Grow Your Own Initiative: Staff raises the following points for the Committee's consideration:

- Staff and the Governor's Office agree that the teacher shortage is a long-term problem that will likely require long-term solutions. Staff is uncertain about the utility of one-time funding to address an ongoing, long-term problem.
- Staff also questions whether a flat amount of funding per district (\$51,000 per rural district) represents the most efficient use of funds. As acknowledged in the request, school districts face very different causes and effects of the teacher shortage. In addition, the availability of resources to respond to the shortage varies widely between districts (for example, districts with larger tax bases and significant mill levy overrides will have more resources available). If the Committee were moving forward with a similar proposal, staff would recommend targeting funds to districts with greater needs, which would also make more funding available for each such district.

Teach in Colorado Campaign: The request also includes \$500,000 to support a statewide marketing and awareness campaign to highlight the importance of the teaching profession. The departments' strategic action plan includes a recommendation that legislators "promote the value of the teaching profession and encourage others to do so" and the request includes support for a marketing campaign in response to that recommendation.

According to the Governor's Office, the planned campaign would include three "prongs:"

- Outreach through a variety of media (e.g., radio, television, billboards, and social media) to connect with individuals that might not otherwise think of education as a career. The campaign would highlight the importance of the teaching profession in an effort to increase the number of potential educators in the "pipeline."
- Creating an online tool to guide potential teachers through the process and help candidates find the appropriate educator preparation program for their situations (e.g., traditional vs. alternative licensure, etc.).
- Create a single source for potential educators to call and find information about the variety of educator preparation programs and pathways available in Colorado. The proposed service would provide one-on-one phone or in-person counseling and support for prospective educators.

According to the Governor's Office, other states (such as California)⁹ have been successful in specific, targeted multi-media campaigns to let individuals know that they are needed in education and to inform them about how to become an educator.

Points to Consider – Teach in Colorado Campaign: Staff is uncertain about the likely impact of the proposed campaign. As with the "Grow Your Own" program discussed above, staff is particularly skeptical about the utility of one-time funding for such a campaign (for one year) to address a longstanding and long-term problem. In addition, the third prong appears to propose an ongoing service (including

⁹ See: <https://californiateach.org>

one-on-one counseling of prospective teachers) that staff does not understand supporting on a one-time basis.

Staff Recommendation: Based on the concerns outlined above (for each component of the request), staff recommends that the Committee reject the request to create a new line item in the FY 2018-19 Long Bill to support the program. Staff also recommends that the Committee not carry the proposed legislation as a JBC bill and instead defer to the Education Committees to pursue legislation to address the teacher shortage.

➔ STAFF INITIATED FACILITY SCHOOLS ADJUSTMENT

REQUEST: The request seeks continuation funding amounts for both facility schools-related line items, including the Facility Schools Unit and Facility Schools Board line item and the Facility School Funding line item. However, the Department provided the pupil count estimates that generated the staff recommendation and agrees that the additional funding is necessary to support anticipated facility school student populations in FY 2018-19.

RECOMMENDATION: Based on updated estimates of facility school pupil counts for FY 2018-19, staff recommends the following appropriations for line items associated with facility schools in FY 2018-19:

- \$15,987,271 cash funds from the State Education Fund for the Facility School Funding line (an increase of \$1,478,682 above the FY 2017-18 appropriation). The recommendation aligns with the Department's estimated facility school student counts for FY 2018-19 and statutorily-required per pupil funding for facility school students.
- \$306,641 reappropriated funds and 3.0 FTE for the Facility Schools Unit and Facility Schools Board line item (an increase of \$33,667 above the FY 2017-18 appropriation). The recommendation aligns with statutory direction for the Department to withhold 2.0 percent of facility school funding appropriations to support the Department's administration of the program.

ANALYSIS:

Background – Facility Schools: While most children in Colorado receive public education services through school districts or schools that are authorized by the State Charter School Institute, some children receive their education through schools operated by community-based facilities or state-operated programs.¹⁰ In 2008, the General Assembly modified the method of funding facility schools and certain state programs by:

- Removing pupils educated by facility schools from districts' pupil enrollment counts for purposes of funding.¹¹

¹⁰ Pursuant to Section 22-54-129 (1) (f), C.R.S., "state programs" include the Colorado School for the Deaf and the Blind and the education programs operated by the Colorado Mental Health Institutes at Pueblo and Fort Logan. Because the State has closed the facility at Fort Logan, the School for the Deaf and the Blind and the Colorado Mental Health Institute at Pueblo are the only remaining state programs.

¹¹ Districts continue to include students who reside in a facility or group home and attend a district school in their October count for purposes of funding. Further, students in "out-of-district" placements who attend public school are included in the pupil count of the district of attendance.

- Requiring facility schools and state programs to report information directly to the Department's Facility Schools Unit concerning individual students, including the student's district of residence and the actual number of days of attendance each month.
- Allowing facility schools to bill the Department for statewide average per pupil revenues times 1.33, and allowing facility schools to bill for an additional one-third of per pupil revenue to support Summer school programs. In 2013, the General Assembly modified this provision to provide statewide base per pupil funding times 1.73 in an effort to increase funding for facility schools.

The General Assembly also created a Facility Schools Board to adopt curriculum standards, accountability measures, and graduation requirements for facility schools. This act also created the Facility Schools Unit within the Department of Education charged with:

- Developing and maintaining a list of approved facility schools.
- Making recommendations concerning curriculum standards and graduation standards.
- Maintaining information and records for students who receive educational services from approved facility schools.
- Communicating and collaborating with the Department of Human Services, county departments of social services, and other agencies regarding the placement and transfer of students in facilities.

The annual Long Bill includes two line items related to facility schools:

- The Facility Schools Funding line item provides funding for the Department to make payments to facility schools as required by Section 22-54-129, C.R.S. Under current law, as adjusted by S.B. 13-260, facility schools receive statewide *base* per pupil funding amount times 1.73; this amount is translated into a daily rate, and each facility school receives a daily rate for each child in attendance for up to 235 days each school year.
- The Facility Schools Unit and Facility Schools Board line item supports the Facility Schools Unit and Board. Statute authorizes the Department to withhold up to 2.0 percent of the amount payable to each approved facility school to cover the costs of the Unit and the Board. The reappropriated funds supporting this line item are transferred from the Facility School Funding line item.

FY 2018-19 Facility School-related Funding: The Department's FY 2018-19 budget request assumes (continuation) funding for both facility school line items. The request did not include revised estimates of the two variables that determine the necessary amount of funding: the facility school pupil count and the per pupil funding amount for facility schools. However, the Department has now provided updated estimates for both variables:

- *Pupil count:* The Department is now projecting an *average* facility school student FTE count of 1,339 in FY 2018-19, an increase of 83 student FTE (6.6 percent) from the estimate of 1,256 student FTE underlying the FY 2017-18 appropriation. An increase in the estimated pupil count increases the appropriation required to support facility schools to support the daily rate for the additional population.
- *Per pupil funding amount:* Facility school per pupil funding is calculated as the *statewide base per pupil amount* times 1.73. The Colorado Constitution requires the statewide base per pupil funding amount to increase by the rate of inflation each year. Given the actual inflation rate from CY 2017 (3.4 percent), statewide base per pupil funding will increase from \$6,546.20 in FY 2017-18 to

\$6,767.77 in FY 2018-19. Per Pupil Facility School funding increases from \$11,324.93 in FY 2017-18 to \$11,709.97 (an increase of \$385.04).

As shown in the following table, based on the projected increase in pupil count and the mandatory increase in per pupil funding, estimated payments to facility schools increase by \$1,478,682 above the FY 2017-18 appropriation (for a total of \$15,987,271). Consistent with prior years, staff has included a “buffer” (equal to 2.0 percent of facility school funding) to account for potential fluctuations in placement and attendance. The recommendation for FY 2018-19 also includes the following anticipated transfers to the Colorado School for the Deaf and the Blind (\$1,630,525) and the Mental Health Institute at Pueblo (\$136,840).

FACILITY SCHOOL FUNDING: FY 2018-19			
DESCRIPTION	FY 2017-18 APPROPRIATION	FY 2018-19 STAFF REC.	CHANGE FROM FY 2017-18 APPROP.
Projected Average Facility Schools FTE	1,256	1,339	83
Multiplied by: Statewide Base Per Pupil Funding for FY 2017-18 X 1.73	\$11,324.93	\$11,709.97	\$385.04
Total Estimated Facility School payments	\$14,224,107	\$15,673,795	\$1,449,688
Plus: Additional Funding (approximately 2.0 percent) to account for placement and attendance fluctuations	284,482	313,476	28,994
Recommendation for Facility School Funding line item	\$14,508,589	\$15,987,271	\$1,478,682
Estimated portion of the above amount transferred to state agencies:			
<i>Department of Education:</i> Colorado School for the Deaf and the Blind	\$1,619,000	\$1,630,525	\$11,525
<i>Department of Human Services:</i> Mental Health Institutes (Pueblo only)	\$153,189	\$136,840	(\$16,349)

Increasing the appropriation for Facility School Funding increases the 2.0 percent withholding amount to support the Facility Schools Unit and Facility Schools Board line item. As shown in the following table, staff recommends a total appropriation of \$306,641 reappropriated funds for the Facility Schools Unit and Facility Schools Board line item for FY 2018-19 (representing 2.0 percent of the Facility School Funding amount minus the program’s \$13,104 in anticipated leased space costs).

FACILITY SCHOOL UNIT AND FACILITY SCHOOLS BOARD FUNDING: FY 2018-19			
DESCRIPTION	FY 2017-18 APPROPRIATION	FY 2018-19 STAFF REC.	CHANGE FROM FY 2017-18 APPROP.
Total Facility Schools Funding	\$14,508,589	\$15,987,271	\$1,478,682
2.0 Percent withholding pursuant to Section 22-2-408 (2), C.R.S.	\$290,172	\$319,745	\$29,573
Minus Facility Schools Unit Leased Space	(17,198)	(13,104)	4,094
Total Recommendation for Facility Schools Unit and Facility Schools Board line item	\$272,974	\$306,641	\$33,667
Department November 1, 2017 Request		\$277,842	
Recommended Change from Department Request		\$28,799	

➔ STAFF INITIATED BREAKFAST AFTER THE BELL ADJUSTMENT

REQUEST: The Department has not requested an adjustment related to the reflection of Breakfast After the Bell Funding in the Long Bill. However, the Department agrees with the staff recommendation.

RECOMMENDATION: Staff recommends eliminating the informational appropriation of federal funds from the Breakfast After the Bell line item (a reduction of \$29.4 million federal funds shown for informational purposes only). The federal grant funds associated with the Breakfast After the Bell

program are reflected in the Federal Nutrition Programs line item, and the Department spends the funds from line item. As a result, also reflecting the federal funds in the Breakfast After the Bell line item effectively double counts the same funds and overstates the Department's budget by \$29.4 million federal funds. Staff recommends eliminating the double count and only reflecting the federal funds in the Federal Nutrition Programs line item.

ANALYSIS: House Bill 13-1006 (K-12 Breakfast After the Bell Nutrition Program) created the Breakfast After the Bell Program. For FY 2014-15, the bill required schools where at least 80 percent of students qualify for free or reduced-price lunch to offer a free breakfast to every student enrolled in the school. In FY 2015-16, the program expanded to include all schools with at least 70 percent of students qualifying for free or reduced-price lunch. The bill exempts schools in small rural districts with fewer than 1,000 total students. Schools may choose the method and time to offer breakfast, so long as it occurs after the first bell of the school day. Schools where at least 90 percent of students ride the bus to school may choose to offer breakfast on the bus rather than at school.

Federal nutrition funds reimburse participating schools for breakfasts served through the program, including an estimated \$29.4 million federal funds in the FY 2017-18 appropriation. However, staff has learned that the current (FY 2017-18) appropriation effectively double counts those funds. As part of the federal nutrition grant, the Department accounts for (and spends) the funds within the Federal Nutrition Programs line item. The current Long Bill reflects those funds in both the Federal Nutrition Programs line item and the Breakfast After the Bell line item and overstates the Department's budget by \$29.4 million federal funds. Given that the Department receives, accounts for, and spends the funds within the Federal Nutrition Programs line item, staff recommends continuing to reflect the funds in that line item and eliminating the informational appropriation of federal funds in the Breakfast After the Bell line item. The recommendation will *not* reduce the federal reimbursements associated with Breakfast After the Bell and will more accurately reflect the Department's actual budget for nutrition programs.

LINE ITEM DETAIL - ASSISTANCE TO PUBLIC SCHOOLS

(A) PUBLIC SCHOOL FINANCE

ADMINISTRATION

This line item includes funding to support Department staff who administer the School Finance Act, the Colorado Preschool Program, and full-day kindergarten programs. This unit oversees the Financial Policy and Procedures Advisory Committee, and provides technical assistance to school districts related to preschool and full-day kindergarten programs, as well as statutory and regulatory budgetary, accounting, and reporting requirements. This unit works with the State Treasurer's Office to intercept charter school debt payments, and with the Department of Human Services to withhold School to Work Alliance Program matching funds for vocational rehabilitation. This unit also distributes funding for other programs, including facility school funding, transportation reimbursements, small attendance center aid, grant writing funds for boards of cooperative services, and concurrent enrollment funding.

This line item also supports an audit team to ensure compliance related to funds that districts receive for school finance, public school transportation, and English language proficiency programs, as well as funds that facility schools and state agencies receive for education programs.

As authorized by S.B. 09-215, this line item is supported by "off-the-top" funding from the State Share of Districts' Total Program Funding line item. This funding mechanism was reinstated in 2009 to reduce General Fund expenditures and maintain critical Department functions. The Long Bill shows the majority of the line item's funding as reappropriated funds from the State Share of Districts' Total Program Funding line item, with some cash funds from the State Education Fund and a limited amount (\$59,957 in FY 2017-18) from the Public Education Fund, which is supported by a tax checkoff for the Colorado Preschool Program.

STATUTORY AUTHORITY: Sections 22-2-112 and 22-2-113, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,814,201 total funds and 17.9 FTE for FY 2018-19. The request includes an increase of \$49,712 total funds to annualize salary survey and merit pay increase provided in FY 2017-18. The official request assumes continuation of \$59,957 cash funds from the Public Education Fund to support professional development provided by the Colorado Preschool Program, supported by a voluntary tax checkoff authorized in S.B. 11-109 (Public Education Fund Tax Checkoff).

RECOMMENDATION: Staff recommends approving an appropriation of \$1,754,244 total funds and 17.9 FTE. The recommendation is \$59,957 cash funds below the request because the recommendation eliminates the appropriation from the Public Education Fund (from the tax checkoff). Staff and the Department both agree that the Department should return to the Committee with a plan to utilize the remaining fund balance in the Public Education Fund, potentially through a FY 2019-20 decision item.

In its performance plans under the SMART Act, the Department evaluates the performance of the School Finance Unit based on the accuracy of annual payments to school districts. According to the Department's October 2017 Performance Evaluation, for the past three years (FY 2014-15 through FY 2016-17) the Department has averaged 99.9 percent error-free distributions each year. The following table shows the recommended changes from the FY 2017-18 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, PUBLIC SCHOOL FINANCE, ADMINISTRATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$1,764,489	\$0	\$143,286	\$1,621,203	\$0	17.9
TOTAL	\$1,764,489	\$0	\$143,286	\$1,621,203	\$0	17.9
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$1,764,489	\$0	\$143,286	\$1,621,203	\$0	17.9
Annualize prior year budget actions	(10,245)	0	(58,899)	48,654	0	0.0
TOTAL	\$1,754,244	\$0	\$84,387	\$1,669,857	\$0	17.9
INCREASE/(DECREASE)	(\$10,245)	\$0	(\$58,899)	\$48,654	\$0	0.0
Percentage Change	(0.6%)	n/a	(41.1%)	3.0%	n/a	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$1,814,201	\$0	\$144,344	\$1,669,857	\$0	17.9
Request Above/(Below) Recommendation	\$59,957	\$0	\$59,957	\$0	\$0	0.0

FINANCIAL TRANSPARENCY SYSTEM MAINTENANCE (NEW LINE ITEM REQUESTED)

The Department requested the creation of this line item to support the ongoing maintenance of the financial transparency system authorized in H.B. 14-1292 (Student Success Act). The original legislation transferred \$3.0 million cash funds from the State Education Fund to the newly created Financial Reporting Fund and continuously appropriated those funds to the Department for FY 2014-15 through FY 2017-18 to create a financial transparency system allowing for the comparison of expenditures across schools, districts, and other local education providers.¹² Money remaining in the Financial Reporting Fund (an estimated \$1.1 million at the end of FY 2017-18) is subject to legislative appropriation in FY 2018-19 and subsequent years. The Final Fiscal Note for H.B. 14-1292 assumes ongoing expenses of \$600,000 per year to maintain the system, and the recommendation provides that amount of funding (from the remaining balance of the Financial Reporting Fund) for FY 2018-19.

STATUTORY AUTHORITY: Sections 22-24-105, C.R.S.

REQUEST: The Department requests an appropriation of \$600,000 cash funds from the Financial Reporting Fund for the ongoing maintenance of the Financial Transparency System.

RECOMMENDATION: Staff recommends approving the request, which aligns with the appropriation anticipated in the Final Fiscal Note for H.B. 14-1292.

ADDITIONAL FUNDING FOR RURAL SCHOOL DISTRICTS (NEW LINE ITEM REQUESTED)

Senate Bill 17-267 (Sustainability of Rural Colorado) transfers \$30.0 million in retail marijuana sales taxes to the State Public School Fund in FY 2017-18 and statutorily appropriates that amount to the Department for distribution to rural school districts statewide on an equal per pupil basis. The legislation authorizes the distribution of funds on a one-time basis (in FY 2017-18). The Governor's Office is proposing legislation to continue the distribution of funds in FY 2018-19 using \$30.0 million from the State Education Fund (rather than from marijuana revenues deposited into the State Public School Fund). However, because the amount was officially included in the Department's FY 2018-19 budget request, staff is treating the request as a separate line item for FY 2018-19.

STATUTORY AUTHORITY: Sections 22-54-139, C.R.S., authorizes the distribution to rural schools in FY 2017-18. There is currently no authority for such a distribution in FY 2018-19.

REQUEST: The Department requests an appropriation of \$30.0 million cash funds from the State Education Fund to continue the per pupil distribution to rural schools authorized in S.B. 17-267. The request acknowledges the need for additional legislation.

RECOMMENDATION: Staff recommends denying the request to appropriate the additional rural school funds as part of the FY 2018-19 Long Bill process. Based on concerns about the differences in need among rural school districts (as a result of differences in property tax base, mill levy override revenues, etc.), staff is not recommending continuation of the proposed distribution. However, if the Committee intends to continue the requested payments in FY 2018-19, staff recommends including the appropriation in the legislation authorizing the additional payment.

¹² The system website is available at: <https://coloradok12financialtransparency.com/#/>

STATE SHARE OF DISTRICTS' TOTAL PROGRAM FUNDING

The State Share of Districts' Total Program Funding line item provides for the State's share of funding under the statutory school finance formula; the appropriation does not reflect the local share of funding. A detailed discussion of this line item is above, with the discussion of R1/BA1/BA4 (Total Program Increase).

STATUTORY AUTHORITY: Section 22-54-101, et seq., C.R.S.

REQUEST: As modified by budget amendments BA1 and BA4, the Department's request for school finance for FY 2018-19 would increase the state share of districts' total program funding by \$234.5 million total funds above the *original* FY 2017-18 appropriation and \$338.4 million total funds above the FY 2017-18 appropriation as adjusted by H.B. 18-1171. The request is based on the Office of State Planning and Budgeting's (OSPB's) December 2017 forecast of the inflation rate for CY 2017 (a projection of 3.0 percent), as compared to the actual rate of 3.4 percent, and incorporates OSPB's projection of the local share of revenues for FY 2018-19 as well as the most recent projections of: the funded pupil count and the at-risk pupil count. As adjusted by BA1 and BA4, and based on the OSPB projections of local revenues, the request would:

- Increase *total program* funding by a total of \$366.9 million above the *original* FY 2017-18 level, including \$234.5 million in state funds and OSPB's projected increase of \$132.4 million in local revenues above the original estimate of local revenues for FY 2017-18. The request represents an increase of \$373.9 million above the FY 2017-18 appropriation as adjusted by H.B. 18-1171.
- Increase the General Fund appropriation for the state share of total program funding by \$69.2 million above the original FY 2017-18 appropriation and \$99.9 million above the adjusted FY 2017-18 appropriation.
- Increase the cash funds appropriation from the State Education Fund by \$158.0 million above the FY 2017-18 appropriation (the final version of H.B. 18-1171 does not adjust the State Education Fund appropriation). Please note that the request assumes that mid-year reductions to the state share of total program funding in FY 2017-18 would increase the balance of the State Education Fund. The final version of H.B. 18-1171 does not adjust the FY 2017-18 appropriation from the State Education Fund, so the projected fund balance is lower than that assumed in the request.
- Utilize an estimated \$21.9 million in cash funds the State Public School Fund originating from marijuana sales tax revenues deposited into the State Public School Fund pursuant to S.B. 17-167. Please note that H.B. 18-1101 (Retail Marijuana Sales Tax Appropriations for Schools) delays the availability of these funds until FY 2019-20.
- Decrease the cash funds appropriation from the State Public School Fund (not from marijuana sales tax revenues) by \$14.6 million below the original FY 2017-18 appropriation. Because the final version of H.B. 18-1171 eliminates the FY 2017-18 appropriation from the State Public School Fund to support total program, the request for \$58.6 million in FY 2018-19 represents an increase of that amount above the adjusted FY 2017-18 appropriation.
- Decrease the dollar value of the budget stabilization factor to \$728.3 million (a reduction of \$100.0 million below the original FY 2017-18 appropriation and \$94.1 million below the adjusted FY 2017-18 appropriation).

RECOMMENDATION: As discussed above with request R1/BA1/BA4 (Total Program Increase), the staff recommendations for school finance-related appropriations (including the State Share of Districts Total Program Funding and Hold-harmless Full-day Kindergarten Funding) are pending the availability of data related to total program funding requirements for FY 2018-19. Pursuant to current law, the final staff recommendation will include the state funding necessary to maintain the budget stabilization factor in FY 2018-19 at the final level approved for FY 2017-18 (\$822,396,894 as adjusted in H.B. 18-1171). Preliminary estimates indicate a need for \$4,386,861,735 total funds (an increase of \$265,789,040 total funds above the FY 2017-18 appropriation as adjusted by H.B. 18-1171) for the State Share of Districts' Total Program Funding to maintain the budget stabilization factor at that level. Staff will prepare a separate memorandum including specific fund source recommendations.

HOLD-HARMLESS FULL-DAY KINDERGARTEN FUNDING

Current law [Section 22-28-104 (2) (a) (III), C.R.S.] authorizes a total of 28,360 half-day preschool slots for the Colorado Preschool Program (CPP) for FY 2018-19, including 8,200 slots for the Early Childhood At-risk Enhancement (ECARE) program created in S.B. 13-260. Pursuant to H.B. 08-1388, schools can no longer use standard (non-ECARE) CPP slots to provide full-day kindergarten. For those districts that had previously elected to use CPP slots to provide full-day kindergarten, H.B. 08-1388 included a "hold harmless" provision [Section 22-54-130, C.R.S.]. Thus, these 60 districts receive 0.58 FTE funding for all kindergarten students, plus an additional amount of per pupil funding (0.42 FTE) based on the number of kindergarten students previously served through CPP.

STATUTORY AUTHORITY: Section 22-28-104 (2) (a) (III), C.R.S.

REQUEST: The Department requests \$8,550,176 cash funds from the State Education fund for FY 2018-19. The request includes an increase of \$366,450 above the FY 2017-18 appropriation associated with requests R1 and BA1 (discussed above).

RECOMMENDATION: As discussed above with request R1/BA1/BA4 (Total Program Increase), the staff recommendation for this line item is pending the Committee's decision regarding total program funding. Based on the staff recommendation that the Long Bill appropriation for the state share of districts' total program funding maintain the budget stabilization factor at \$822,396,894 in FY 2018-19, preliminary estimates indicate a need for \$8,498,576 for Hold-harmless Full-day Kindergarten Funding in FY 2018-19. Staff requests permission to adjust the appropriation for this line item based on the Committee's final decisions regarding total program funding in FY 2018-19.

As discussed in prior years, staff continues to argue that this statute creates ongoing state obligations based on a relatively arbitrary point in time (districts that used CPP slots for full-day kindergarten students in FY 2007-08). However, given that the statute remains in place, staff recommends continuing to fund the line item based on current law.

DISTRICT PER PUPIL REIMBURSEMENT FOR JUVENILES HELD IN JAIL

Section 22-32-141, C.R.S., enacted as S.B. 10-054, requires the General Assembly to appropriate moneys to reimburse school districts for educational services provided to juveniles held in jails. This act authorized the appropriation of moneys from the Read-to-Achieve Cash Fund for such purpose.

The enactment of H.B. 12-1238 (Early Literacy) eliminated the Read-to-Achieve Cash Fund and supported this line item with cash funds from the State Education Fund in FY 2012-13 and subsequent years.

This line item has historically provided funding for two types of expenses:

- Funding for all juveniles receiving educational services in jail (whether or not they were included in a district's pupil enrollment): The district providing educational services receives the daily rate established for facility schools for each day of service (recognizing that they are only required to provide four hours of educational services per week).
- Funding for juveniles who were not included in a district's pupil enrollment: The district providing educational services can receive reimbursement for costs incurred up to state average per pupil revenue, prorated for the period services are provided.

STATUTORY AUTHORITY: Section 22-32-141, C.R.S.

REQUEST: The Department requests continuation level funding (\$10,000 cash funds from the State Education Fund) for school district reimbursements in FY 2018-19. The General Assembly reduced the appropriation from \$100,000 in FY 2012-13 to \$25,000 in FY 2013-14 and \$10,000 in FY 2016-17 because: (1) usage in recent years was well below the previous appropriation; and (2) two bills enacted in the 2012 Session (H.B. 12-1139 and H.B. 12-1271) appeared likely to further reduce the number of juveniles held in adult jails.

RECOMMENDATION: Staff recommends approving the request. The Department has had no expenditures from this line item since FY 2011-12, and the appropriation may no longer be necessary. However, because the reimbursement statute remains in place, staff recommends appropriating the requested continuation funding to provide flexibility in the event that the Department receives a request. Any unspent moneys will remain in the State Education Fund.

AT-RISK SUPPLEMENTAL AID

House Bill 12-1345 created a program to provide supplemental aid to qualifying school districts and charter schools. The bill provided an appropriation of \$3,839,627 cash funds from the State Education Fund in FY 2012-13. The Committee added this line item to the FY 2013-14 Long Bill and appropriated the same amount as in FY 2012-13. In FY 2014-15, the General Assembly increased the appropriation to \$5,094,358 cash funds from the State Education Fund in an effort to fully fund the statutory calculation, and the appropriation has remained at that level in subsequent years (with \$4,700,867 in actual expenditures in FY 2016-17).

STATUTORY AUTHORITY: Section 22-30.5-112.2, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$5,094,358 cash funds from the State Education Fund, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request. The funding necessary to fully cover this program in FY 2018-19 is uncertain but the current appropriation has proven to be sufficient in recent years. Any unspent amounts will remain in the State Public School Fund.

AT-RISK PER PUPIL ADDITIONAL FUNDING

Created in S.B. 15-267 (School Finance) and first funded in FY 2015-16, this line item provides additional funding to school districts and Institute charter schools for at-risk pupils. The program provides funding on a per pupil basis, calculated as \$5.0 million divided by the number of at-risk pupils statewide for the applicable budget year. In order to support the program, S.B. 15-267 increased the transfer of interest and income earned on the Public School (Permanent) Fund to the State Public School Fund by \$5.0 million per year (see Section 22-41-102 (3) (e), C.R.S.) and dedicated that funding to the At-risk Per Pupil Additional Funding program beginning in FY 2015-16. The bill sets the \$5.0 million level of funding in statute and directs the General Assembly to appropriate that amount of funding for the program each year beginning in FY 2015-16.

STATUTORY AUTHORITY: Section 22-54-136, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$5.0 million cash funds from the State Public School Fund (from interest and income earned on the Permanent Fund that is transferred to the State Public School Fund), with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with current law as enacted in S.B. 15-267. That bill permanently increased transfers of interest and income earned on the Permanent Fund to the State Public School Fund and directs that the funds be used for this program.

SMALL RURAL DISTRICTS ADDITIONAL FUNDING

House Bill 15-1321 (Flexibility and Funding for Rural School Districts) appropriates \$10.0 million cash funds from the State Education Fund in FY 2015-16 to provide one-time funding (on a per pupil basis) to small rural districts (with fewer than 1,000 students) and eligible charter schools. The bill provides the funding on a one-time basis, directs recipient districts and schools to use the funding for non-recurring expenses, and repeals the program effective July 1, 2016.

STATUTORY AUTHORITY: Section 22-54-137, C.R.S.

REQUEST: The program repealed at the end of FY 2015-16 and the Department is not requesting any funding for this purpose for FY 2017-18. The appropriation in H.B. 15-1321 was clearly one-time in nature and the bill repealed the relevant section of statute as of July 1, 2016. As a result, the program no longer exists under current law and any effort to fund the program in FY 2018-19 would require additional legislation.

RECOMMENDATION: Staff recommends approving the request (for no funding).

(B) CATEGORICAL PROGRAMS

(I) DISTRICT PROGRAMS REQUIRED BY STATUTE

SPECIAL EDUCATION PROGRAMS FOR CHILDREN WITH DISABILITIES

The federal *Individuals with Disabilities Education Act (IDEA)* and the state *Exceptional Children's Educational Act* [Article 20 of Title 22, C.R.S.] require school districts to provide free educational services to children, ages three to 21, who by reason of one or more conditions are unable to receive reasonable benefit from ordinary educational services. Districts are also required to provide free educational services to children "whose presence in the ordinary educational program is detrimental to the education of others and who must therefore receive modified or supplementary assistance and services in order to function and learn". Services provided must be individualized and appropriate for the specific needs of the child, and, to the extent possible, be provided in the least restrictive environment. Federal and state law require administrative units (usually a school district or a board of cooperative service) to provide all necessary services to children identified as having a disability regardless of the cost or other district needs and priorities.

In addition to total program funds districts receive to provide educational services to children with disabilities (including three- and four-year-old children¹³), districts are statutorily eligible to receive reimbursement for additional costs incurred in providing educational services to school-age children with disabilities. These reimbursements include federal funding and state funding (subject to available appropriations). Federal funds are generally allocated based on the total number of elementary and secondary students within the boundaries of each administrative unit, with a portion of the funding allocated based on the number of children living in poverty.

Pursuant to Sections 22-20-114 and 114.5, C.R.S., the Department allocates *state funds* among units as follows:

- "Tier A": Administrative units receive \$1,250 for each child with a disability who was reported on the prior year special education count.
- "Tier B": Administrative units receive an additional \$6,000 per student for a percentage of the children reported on the prior year special education count with the following disabilities: intellectual disability; serious emotional disability; hearing impairment, including deafness; vision impairment, including blindness; deaf-blindness; autism spectrum disorders; traumatic brain injury, and multiple disabilities. The percentage is determined by the appropriation.
- "Tier C": Administrative units receive grants for reimbursement of high costs incurred in providing special education services to a child in the preceding fiscal year. These grants are distributed based on recommendations from the Colorado Special Education Fiscal Advisory Committee, taking into consideration the magnitude of the high costs incurred by a unit in relation to its budget. A total of \$4.0 million is allocated for this purpose, including \$2 million for costs incurred to serve students within the school district, and \$2 million for costs incurred to serve students outside the district.
- Child Find: Administrative units receive funds to offset the costs incurred in conducting child find activities under Part C of IDEA for children who are less than three years of age (e.g., screening and evaluation of children with disabilities from birth through two years of age). The total dollar amount allocated for this purpose increases each year based on the lesser of the rate of inflation or the annual percentage change in state funding for special education services, and the number of children evaluated by administrative units in the preceding budget year.

¹³ Pursuant to Section 22-54-103 (10) (d), C.R.S., three- and four-year-old children with disabilities are counted as half-day pupils.

- **"Educational Orphans":** Up to \$500,000 is used to reimburse administrative units for excess costs paid to eligible facilities within the unit's boundaries for "educational orphans", those students with disabilities: (a) for whom parental rights have been relinquished or terminated; (b) the parents of whom are incarcerated or cannot be located; (c) the parents of whom reside out of the state but the Department of Human Services has placed such children within the administrative unit; or (d) who are legally emancipated.

STATUTORY AUTHORITY: Sections 22-20-114 and 114.5, C.R.S.

REQUEST: The Department's request for FY 2018-19 includes a total of \$175.4 million state funds (including \$71.6 million General Fund and \$103.9 million cash funds from the State Education Fund), an increase of \$3.9 million (2.6 percent) in state funding. The Department's request also reflects \$191,090 reappropriated funds and 1.0 FTE from funds transferred from the Department of Labor and Employment, Division of Vocational Rehabilitation, and \$155.6 million in federal funds that are anticipated to be available to reimburse administrative units and support 62.0 federally-funded Department FTE. The request includes the following increases above the FY 2016-17 appropriation:

- \$3,861,527 cash funds from the State Education Fund (a 2.3 percent increase in state funding) to provide the inflationary increase required by Amendment 23 (request R2, discussed above).
- \$210,400 federal funds to annualize FY 2017-18 salary survey and merit pay appropriations.

RECOMMENDATION: Staff recommends reflecting a total appropriation of \$331,952,704, including \$71,572,347 General Fund; \$104,556,868 cash funds from the State Education Fund (a 2.6 percent annual increase in *state* funding associated with the inflationary increase required by Amendment 23); \$191,090 reappropriated funds; and \$155,632,399 federal funds. Staff also recommends reflecting the requested 63.0 FTE. The recommendation includes the following changes from the FY 2017-18 appropriation:

- An increase of \$4,537,251 cash funds from the State Education Fund associated with the inflationary increase required by Amendment 23 (request R2).
- An increase of \$210,400 federal funds to annualize FY 2017-18 salary survey and merit pay.

The following table shows the recommended changes from the FY 2017-18 appropriation for the Special Education Programs for Children with Disabilities categorical program.

ASSISTANCE TO PUBLIC SCHOOLS, CATEGORICAL PROGRAMS, SPECIAL EDUCATION - CHILDREN WITH DISABILITIES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$327,205,053	\$71,572,347	\$100,019,617	\$191,090	\$155,421,999	63.0
TOTAL	\$327,205,053	\$71,572,347	\$100,019,617	\$191,090	\$155,421,999	63.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$327,205,053	\$71,572,347	\$100,019,617	\$191,090	\$155,421,999	63.0
R2 Categorical programs increase	4,537,251	0	4,537,251	0	0	0.0
Annualize prior year budget actions	210,400	0	0	0	210,400	0.0
TOTAL	\$331,952,704	\$71,572,347	\$104,556,868	\$191,090	\$155,632,399	63.0
INCREASE/(DECREASE)	\$4,747,651	\$0	\$4,537,251	\$0	\$210,400	0.0

ASSISTANCE TO PUBLIC SCHOOLS, CATEGORICAL PROGRAMS, SPECIAL EDUCATION - CHILDREN WITH DISABILITIES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Percentage Change	1.5%	0.0%	4.5%	0.0%	0.1%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$331,276,980	\$71,572,347	\$103,881,144	\$191,090	\$155,632,399	63.0
Request Above/(Below)						
Recommendation	(\$675,724)	\$0	(\$675,724)	\$0	\$0	0.0

ENGLISH LANGUAGE PROFICIENCY PROGRAM

Pursuant to the federal *No Child Left Behind Act* [Title III - Language Instruction for Limited English Proficient and Immigrant Students], the federal *Civil Rights Act of 1964* [Title VI], and the English Language Proficiency Act [Article 24 of Title 22, C.R.S.], districts are required to identify and provide programs for students with limited English proficiency.

Some federal funding is available for such programs, and, with the enactment of H.B. 14-1298 (School Finance), the State now provides assistance to districts through three mechanisms. First, districts receive "at-risk" funding through the School Finance Act for some students with limited English proficiency. Second, districts receive funding through the English Language Proficiency Act (ELPA) categorical program for students with limited English proficiency. As enacted in H.B. 14-1298, Section 22-24-104 (2) (a), C.R.S., limits state ELPA funding to a maximum of five years per student (prior to FY 2014-15, statute limited payments to no more than two years per student). Third, beginning in FY 2014-15, districts receive additional funding (a total of \$27.0 million per year since FY 2014-15) through the English Language Learners Professional Development and Student Support Program created in H.B. 14-1298.

The Department has provided data detailing the number of students eligible for state funding as well as the number receiving English language learner (ELL) services who are not eligible for state funding, by grade level. With the five-year limit on ELPA funding eligibility, the majority (65.6 percent) of ELL students receiving state funding in FY 2017-18 are in kindergarten through third grade. Those kindergarten through third grade students represent 37.0 percent of the total number of ELL students statewide in FY 2017-18, and 56,672 students receiving ELL services are *not* eligible for state funding.

Section 22-24-104 (3), C.R.S., requires the Department to allocate the categorical program funding in two parts:

- Three-quarters of the amount appropriated provides funding to districts serving students who: (a) speak languages other than English and do not comprehend or speak English; or (b) students who comprehend or speak some English, but whose primary comprehension or speech is in a language other than English. Annual per eligible student funding for these students may not exceed \$400 or 20 percent of the state average per pupil operating revenues for the preceding year, whichever is greater.
- The remaining 25 percent of the amount appropriated is distributed to districts that serve students who comprehend and speak English and one or more other languages but whose English language development and comprehension is either: (1) at or below the district mean or below the mean or equivalent on a nationally standardized test; or (2) below the acceptable proficiency level based on

the instrument or technique developed and approved by the Department. Annual per eligible student funding for these students may not exceed \$200 or 10 percent of the state average per pupil operating revenues for the preceding year, whichever is greater.

STATUTORY AUTHORITY: Section 22-24-106, C.R.S.

REQUEST: The Department's FY 2018-19 request seeks \$32.7 million total funds, including \$21.4 million state funds (including \$3.1 million General Fund and \$18.3 million cash funds from the State Education Fund) and 11.2 million federal funds. The request reflects continuation of 4.6 federally funded FTE. The request includes the following increases above the FY 2017-18 appropriation:

- \$1,127,633 cash funds from the State Education Fund associated with request R2 (discussed above) to provide the inflationary increase required by Amendment 23. The request represents a 5.6 percent increase in state funding.
- \$6,775 federal funds to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends a total appropriation of \$32,853,407, including \$3,101,598 General Fund and \$18,506,613 cash funds from the State Education Fund, an increase of \$1,325,163 (6.5 percent) in state funding from the State Education Fund associated with the inflationary increase required by Amendment 23 (request R2). Staff recommends reflecting \$11,245,196 federal funds and 4.6 federally funded FTE in this line item. The following table shows the recommended change from the FY 2017-18 appropriation for the English Language Proficiency Program.

ASSISTANCE TO PUBLIC SCHOOLS, CATEGORICAL PROGRAMS, ENGLISH LANGUAGE PROFICIENCY PROGRAM						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$31,521,469	\$3,101,598	\$17,181,450	\$0	\$11,238,421	4.6
TOTAL	\$31,521,469	\$3,101,598	\$17,181,450	\$0	\$11,238,421	4.6
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$31,521,469	\$3,101,598	\$17,181,450	\$0	\$11,238,421	4.6
R2 Categorical programs increase	1,325,163	0	1,325,163	0	0	0.0
Annualize prior year budget actions	6,775	0	0	0	6,775	0.0
TOTAL	\$32,853,407	\$3,101,598	\$18,506,613	\$0	\$11,245,196	4.6
INCREASE/(DECREASE)	\$1,331,938	\$0	\$1,325,163	\$0	\$6,775	0.0
Percentage Change	4.2%	0.0%	7.7%	n/a	0.1%	0.0%
FY 2018-19 EXECUTIVE REQUEST						
Request Above/(Below)						
Recommendation	(\$197,530)	\$0	(\$197,530)	\$0	\$0	0.0

(II) OTHER CATEGORICAL PROGRAMS

PUBLIC SCHOOL TRANSPORTATION

Pursuant to Section 22-32-113, C.R.S., a school district may provide transportation for students to and from school. However, a school district must provide transportation for students who fall under

the federal *Individuals with Disabilities Education Act* or Section 504 of the federal *Rehabilitation Act of 1973*, as well as homeless students. The Department indicates that one of Colorado's 178 school districts (San Juan – Silverton) does not provide transportation services. Statewide, 40 percent of students are transported. School districts travel a total of almost 50 million miles each year for routes (home to school, school to school, and school to home) and activity trips.

This line item provides state funding to reimburse school districts for a portion of the costs incurred to transport students. Pursuant to Section 22-51-104, C.R.S., and subject to available appropriations, each district is eligible to receive reimbursement equal to \$0.3787 per-mile-traveled plus 33.87 percent of its total transportation-related costs (excluding capital outlay expenses) in excess of the per-mile-traveled reimbursement. Districts are authorized to generate additional local revenues to support their transportation programs via an additional mill levy or a transportation user fee. While voter approval is required to levy additional taxes, as of FY 2005-06, a district is allowed to impose a user fee without prior voter approval. Ten districts have received voter approval to levy separate mills to generate additional local revenues.¹⁴ Currently, nine districts report that they are collecting fees from individuals for transporting students to and from school.¹⁵ In years when the appropriation does not fully fund the maximum allowable reimbursement, the Department prorates reimbursements accordingly.

This line item also supports 2.0 FTE who provide oversight of student transportation programs in school districts. This unit administers regulations related to safe transportation of students, and provides extensive training, technical assistance, and monitoring to assist districts in providing safe, efficient, and effective transportation of children.

STATUTORY AUTHORITY: Section 22-51-104, C.R.S.

REQUEST: The Department's FY 2018-19 request includes a total of \$59,337,549, including \$58,887,549 in state funding (a 2.1 percent increase in state funding) and 2.0 FTE and a continuation appropriation of \$450,000 cash funds from the State Public School Transportation Fund, which consists of money recovered by the Department when it identifies a transportation-related overpayment to a district. The requested appropriation from the State Public School Transportation Fund would allow the Department to re-distribute money recovered in the current fiscal year in FY 2018-19. The request includes the following increases above the FY 2017-18 appropriation:

- \$1,231,866 cash funds from the State Education Fund to provide inflationary an inflationary increase required by Amendment 23 (request R2).
- \$3,961 cash funds from the State Education Fund to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends a total appropriation of \$59,549,150 and 2.0 FTE. The recommendation includes \$36,922,227 General Fund, \$22,176,923 cash funds from the State Education Fund, and \$450,000 cash funds from the State Public School Transportation Fund, representing a 2.5 percent increase in state funding. The recommendation includes an increase of

¹⁴ Districts include: Arapahoe – Byers, Boulder - Boulder Valley, Eagle, Gilpin, Grand - East Grand, Las Animas - Primero, Rio Blanco - Rangely, Routt – Hayden, San Miguel - Telluride, and Summit.

¹⁵ Districts collecting fees include: Adams – Adams 12 Five Star, Adams - Brighton, Douglas, El Paso – Academy, El Paso – Lewis Palmer, El Paso - Falcon, Jefferson, Summit, and Teller – Woodland Park.

\$1,447,428 cash funds from the State Education Fund associated with request R2 (discussed above) to provide the inflationary increase required by Amendment 23.

In a change from the request, staff does not recommend providing additional state funding to annualize FY 2017-18 salary survey and merit pay. Staff does not recommend including additional base building funds (under Amendment 23) in the appropriation for that purpose. Instead, staff recommends that the Department absorb those costs (\$3,961) within the recommended inflationary increase as part of the cost of operating the program. The following table shows the recommended change from the FY 2017-18 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, CATEGORICAL PROGRAMS, PUBLIC SCHOOL TRANSPORTATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$58,101,722	\$36,922,227	\$21,179,495	\$0	\$0	2.0
TOTAL	\$58,101,722	\$36,922,227	\$21,179,495	\$0	\$0	2.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$58,101,722	\$36,922,227	\$21,179,495	\$0	\$0	2.0
R2 Categorical programs increase	1,447,428	0	1,447,428	0	0	0.0
Annualize prior year budget actions	0	0	0	0	0	0.0
TOTAL	\$59,549,150	\$36,922,227	\$22,626,923	\$0	\$0	2.0
INCREASE/(DECREASE)	\$1,447,428	\$0	\$1,447,428	\$0	\$0	0.0
Percentage Change	2.5%	0.0%	6.8%	n/a	n/a	0.0%
FY 2018-19 EXECUTIVE REQUEST						
Request Above/(Below)						
Recommendation	(\$211,601)	\$0	(\$211,601)	\$0	\$0	0.0

TRANSFER TO THE DEPARTMENT OF HIGHER EDUCATION FOR DISTRIBUTION OF STATE ASSISTANCE FOR CAREER AND TECHNICAL EDUCATION

The State Board for Community Colleges and Occupational Education is responsible for approving career and technical education programs, as well as distributing state funds to school districts with students enrolled in approved programs [see Article 8 of Title 23, C.R.S.]. The state funds are distributed to school districts to partially reimburse costs related to personnel, books and supplies, and equipment for approved programs. Specifically, state funding is available to a district if its approved program cost per full-time equivalent student exceeds 70 percent of the district's per pupil operating revenues for the same fiscal year. A district is eligible to receive reimbursement for 80 percent of the first \$1,250 in "excess costs" incurred, and 50 percent of any excess costs above \$1,250.

The program requires each participating district to estimate program costs and enrollments at the beginning of each school year and provide actual cost data at the end of the school year. Districts receive funding quarterly based on such estimated figures. Any difference between a district's estimated and actual costs is added or subtracted from the first quarterly payment in the following fiscal year. If the appropriation is insufficient to fully fund the amount districts are eligible to receive, the Department of Higher Education prorates distributions accordingly.

STATUTORY AUTHORITY: Section 23-8-102, C.R.S.

REQUEST: The Department requests a total of \$26,599,207 in state funding, including \$17,792,850 General Fund and \$8,806,357 cash funds from the State Education Fund, for FY 2018-19 (a 1.7 percent increase in state funding associated with request R2).

RECOMMENDATION: Staff recommends a total appropriation of \$26,675,279 state funds, including \$17,792,850 General Fund and \$8,882,429 cash funds from the State Education Fund (a 2.0 percent increase in state funding). The recommendation reflects an increase of \$510,798 cash funds from the State Education Fund associated with request R2. The following table shows the recommended change from the FY 2017-18 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, CATEGORICAL PROGRAMS, TRANSFER TO THE DEPARTMENT OF HIGHER EDUCATION FOR DISTRIBUTION OF STATE ASSISTANCE FOR CAREER AND TECHNICAL EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$26,164,481	\$17,792,850	\$8,371,631	\$0	\$0	0.0
TOTAL	\$26,164,481	\$17,792,850	\$8,371,631	\$0	\$0	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$26,164,481	\$17,792,850	\$8,371,631	\$0	\$0	0.0
R2 Categorical programs increase	510,798	0	510,798	0	0	0.0
TOTAL	\$26,675,279	\$17,792,850	\$8,882,429	\$0	\$0	0.0
INCREASE/(DECREASE)	\$510,798	\$0	\$510,798	\$0	\$0	0.0
Percentage Change	2.0%	0.0%	6.1%	n/a	n/a	n/a
FY 2018-19 EXECUTIVE REQUEST	\$26,599,207	\$17,792,850	\$8,806,357	\$0	\$0	0.0
Request Above/(Below) Recommendation	(\$76,072)	\$0	(\$76,072)	\$0	\$0	0.0

SPECIAL EDUCATION PROGRAMS FOR GIFTED AND TALENTED CHILDREN

The state *Exceptional Children's Educational Act* defines a gifted child as one whose "aptitude or competence in abilities and talents and potential for accomplishments in one or more domains, as defined by state board rule, are so outstanding that he or she requires special provisions to meet his or her educational needs" [see Section 22-20-202 (11), C.R.S.]. Pursuant to Section 22-20-204, C.R.S. (as amended by H.B. 14-1102 (Gifted Education Programs)), each administrative unit is required to adopt and implement a program to identify and serve gifted children. The plan must be implementable within the local, state, and federal resources available for gifted education programs. State funding for gifted programs must supplement, not supplant, programs for students with disabilities.

State distributions may be used for universal screening of students, employing a gifted education coordinator, teacher salaries for appropriately licensed and endorsed personnel, programming options and counseling related to serving gifted children, materials used in serving gifted children, professional development for personnel who serve gifted children, and direct administrative costs incurred in implementing the gifted education program. In order to receive funding, an administrative unit (district, multi-district administrative unit, or board of cooperative service) must submit a comprehensive program plan and annual proposed budget for gifted education identification,

programming, personnel, and accountability. The Department uses the appropriation: (a) for administrative unit per pupil distributions; (b) for "hold-harmless" allocations for certain rural school districts and boards of cooperative services that provide services to multiple school/rural districts; (c) to support ten regional grants for gifted education consultants and professional development; and (d) for state administration.

STATUTORY AUTHORITY: Section 22-26-101, C.R.S.

REQUEST: The Department requests a total of \$12,507,488 in state funding, including \$5,500,000 General Fund and \$7,007,488 cash funds from the State Education Fund (a 1.2 percent annual increase) and 1.5 FTE in FY 2018-19. The request includes the following increases above the FY 2017-18 appropriation:

- \$146,916 cash funds from the State Education Fund associated with request R2.
- \$5,048 cash funds from the State Education Fund to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends a total appropriation of \$12,528,041 and 1.5 FTE, including \$5,500,000 General Fund and \$7,028,041 cash funds from the State Education Fund (a 1.4 percent increase in state funding). The recommendation includes an increase of \$172,517 cash funds from the State Education Fund associated with request R2 (discussed above).

As with Public School Transportation (discussed above), staff does not recommend providing additional state funding to annualize FY 2017-18 salary survey and merit pay. Staff does not recommend including additional base building funds (under Amendment 23) in the appropriation for that purpose. Instead, staff recommends that the Department absorb those costs (\$5,048) within the recommended inflationary increase as part of the cost of operating the program. The following table shows the recommended change from the FY 2017-18 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, CATEGORICAL PROGRAMS, SPECIAL EDUCATION PROGRAMS FOR GIFTED AND TALENTED CHILDREN						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$12,355,524	\$5,500,000	\$6,855,524	\$0	\$0	1.5
TOTAL	\$12,355,524	\$5,500,000	\$6,855,524	\$0	\$0	1.5
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$12,355,524	\$5,500,000	\$6,855,524	\$0	\$0	1.5
R2 Categorical programs increase	172,517	0	172,517	0	0	0.0
Annualize prior year budget actions	0	0	0	0	0	0.0
TOTAL	\$12,528,041	\$5,500,000	\$7,028,041	\$0	\$0	1.5
INCREASE/(DECREASE)	\$172,517	\$0	\$172,517	\$0	\$0	0.0
Percentage Change	1.4%	0.0%	2.5%	n/a	n/a	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$12,507,488	\$5,500,000	\$7,007,488	\$0	\$0	1.5
Request Above/(Below) Recommendation	(\$20,553)	\$0	(\$20,553)	\$0	\$0	0.0

EXPULSED AND AT-RISK STUDENT SERVICES GRANT PROGRAM

This program, first funded in FY 1997-98, provides grants to school districts, boards of cooperative services, and charter schools [see Section 22-38-101 et seq., C.R.S.] for the provision of educational services to expelled students and to students at risk of being suspended or expelled. The Department evaluates grant applications received, and the State Board of Education approves annual grant awards. The Department places strong emphasis on research-validated programs and strategies, and programs are required to show significant district support for program sustainability after grant funding ends. Pursuant to Section 22-33-205, C.R.S., the Board is required to award grants based on the following:

- at least 45 percent of moneys appropriated for the program shall be annually awarded to applicants that provide educational services to students from more than one school district; and
- at least one-half of any increases in the appropriation for FY 2009-10 (\$500,000) shall be annually awarded to applicants that provide services and supports designed to reduce the number of truancy cases requiring court involvement and that also reflect the best interests of students and families.

The Department awards grants on a rolling basis (i.e., when one grant is completed, the funding is reallocated to fund a new award).

The Department is also authorized to retain: (a) up to one percent of moneys appropriated for the purpose of annually evaluating the program; and (b) up to two percent of moneys appropriated for the purpose of partnering with organizations and agencies that provide services and supports designed to reduce the number of truancy cases requiring court involvement and that also reflect the best interests of students and families.

For FY 2009-10, the General Assembly increased funding for this program by approximately \$1.0 million and required the Department to use half of that increase (\$500,000) on an ongoing basis (annually) to support applicants providing services and supports to reduce the number of truancy cases. The General Assembly provided an additional increase of \$150,000 in FY 2010-11. The program's appropriation (\$7,493,560 total funds) has remained constant since FY 2010-11.

STATUTORY AUTHORITY: Sections 22-33-205 and 22-38-101 et seq., C.R.S.

REQUEST: The Department requests an appropriation of \$9,497,338 state funds (including \$5,788,807 General Fund and \$3,708,531 cash funds from the State Education Fund) and 1.0 FTE in FY 2018-19. The request includes the following increases above the FY 2017-18 appropriation:

- \$2,000,000 cash funds from the State Education Fund associated with the required inflationary increase for categorical programs (request R2, discussed above).
- \$3,778 cash funds from the State Education Fund to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving an appropriation of \$9,493,560 total funds (including \$5,788,807 General Fund and \$3,704,753 cash funds from the State Education Fund) and 1.0 FTE. The recommendation includes the requested increase of \$2.0 million cash funds from the State Education Fund associated with request R2 (discussed above).

Similar to the recommendations for other categorical programs, staff does not recommend funding the increase to annualize FY 2017-18 salary survey and merit pay in FY 2018-19. Instead, staff recommends that the Department absorb those costs, particularly in light of the significant increase requested and recommended through request R2. The following table shows the recommended change from the FY 2017-18 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, CATEGORICAL PROGRAMS, EXPELLED AND AT-RISK STUDENT SERVICES GRANT PROGRAM						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$7,493,560	\$5,788,807	\$1,704,753	\$0	\$0	1.0
TOTAL	\$7,493,560	\$5,788,807	\$1,704,753	\$0	\$0	1.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$7,493,560	\$5,788,807	\$1,704,753	\$0	\$0	1.0
R2 Categorical programs increase	2,000,000	0	2,000,000	0	0	0.0
Annualize prior year budget actions	0	0	0	0	0	0.0
TOTAL	\$9,493,560	\$5,788,807	\$3,704,753	\$0	\$0	1.0
INCREASE/(DECREASE)	\$2,000,000	\$0	\$2,000,000	\$0	\$0	0.0
Percentage Change	26.7%	0.0%	117.3%	n/a	n/a	0.0%
FY 2018-19 EXECUTIVE REQUEST						
Request Above/(Below)						
Recommendation	\$3,778	\$0	\$3,778	\$0	\$0	0.0

SMALL ATTENDANCE CENTER AID

Pursuant to Section 22-54-122, C.R.S., school districts that operate a school with fewer than 200 pupils that is located twenty or more miles from any similar school in the same district are eligible to receive additional state funding to offset the unique costs associated with operating such schools. In addition, since FY 2008-09, small attendance center aid has been limited to those districts that received the aid prior to FY 2008-09. The amount of additional state aid that a district is eligible to receive is based on the number of eligible schools it operates, the number of pupils in each eligible school, and the district's per pupil funding.

Similar to other categorical programs, whether a school district eligible for Small Attendance Center Aid actually receives the maximum reimbursement allowable is subject to appropriation. From FY 1998-99 through FY 2007-08, the appropriation for this line item was sufficient to reimburse eligible districts for the full amount statutorily allowed. For FY 2008-09 through FY 2014-15, the appropriation fell short of full funding. For FY 2015-16, the General Assembly increased funding for the program by \$117,171 cash funds from the State Education Fund in order to fully fund the estimated need as of FY 2014-15. The following table details the allocation of small attendance center aid for FY 2017-18. On average, eligible schools are receiving an additional \$1,191 per pupil in FY 2017-18.

SMALL ATTENDANCE CENTER AID: FY 2017-18					
SCHOOL DISTRICT	SCHOOL	17-18 ENROLLMENT	FULL FUNDING PER FORMULA	AMOUNT DISTRIBUTED	DISTRIBUTION PER FTE
Dolores	Rico Elementary	5.0	\$13,019	\$10,664	\$2,133
Gunnison	Marble Charter School	42.7	130,431	106,844	2,502
Huerfano	Gardner School	78.6	123,781	101,396	1,290
La Plata - Durango	Fort Lewis Mesa Elementary	128.2	134,231	109,957	858
Larimer - Poudre	Red Feather Elementary	35.5	107,653	88,185	2,484
Logan - Valley	Caliche Elementary	144.9	99,937	81,865	565
Logan - Valley	Caliche Jr./Sr. High	122.0	129,666	106,217	871
Mesa - Mesa Valley	Gateway School	31.3	96,049	78,679	2,514
Moffat	Maybell Charter School	13.6	46,928	38,441	2,827
Montrose - West End	Paradox Valley Charter School	76.2	72,434	59,335	779
Park	Guffey Community Charter School	28.8	84,063	68,862	2,391
Park	Lake George Charter School	117.9	121,833	99,801	846
Pueblo 70	Beulah School	79.1	154,185	126,302	1,597
Totals		903.8	\$1,314,211	\$1,076,550	\$1,191

STATUTORY AUTHORITY: Section 22-54-122, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,076,550 state funds (including \$787,645 General Fund and \$288,905 cash funds from the State Education Fund), with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request. Consistent with prior years, the recommendation does not provide an inflationary increase for Small Attendance Center Aid.

COMPREHENSIVE HEALTH EDUCATION

The *Colorado Comprehensive Health Education Act of 1990* requires the Department of Education to promote the development and implementation of local comprehensive health education programs and local student wellness programs. The Department is to: develop recommended guidelines for implementing these local programs; develop a plan for training teachers to provide comprehensive health education and student wellness; and provide technical assistance upon the request of a school district or board of cooperative services (and within available resources).

This line item provides funding for grants to school districts, facility schools, and boards of cooperative services to implement local comprehensive health education and student wellness programs, and for 1.0 FTE to administer the program and perform the duties required by the act. The Department of Education works with the Department of Public Health and Environment to review applications for state funding, and the State Board of Education allocates available funds. Fiscal year 2016-17 was the first year of a three-year grant cycle for both the comprehensive health education programs and the local student wellness programs.

STATUTORY AUTHORITY: Section 22-25-101, C.R.S.

REQUEST: The Department requests an appropriation of \$1,132,566 state funds (including \$300,000 General Fund and \$832,566 cash funds from the State Education Fund) and 1.0 FTE for FY 2018-19. The request includes the following increases above the FY 2017-18 appropriation:

- \$126,000 cash funds from the State Education Fund associated with request R2 (discussed above).
- \$1,170 cash funds from the State Education Fund to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving an appropriation of \$1,131,396 state funds (including \$300,000 General Fund and \$831,396 cash funds from the State Education Fund). The recommendation includes the requested increase of \$126,000 cash funds from the State Education Fund associated with request R2 (discussed above). Similar to the other categorical programs discussed above, staff does not recommend approving the increases to annualize FY 2017-18 salary survey and merit pay. The following table shows the recommended change from the FY 2017-18 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, CATEGORICAL PROGRAMS, COMPREHENSIVE HEALTH EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$1,005,396	\$300,000	\$705,396	\$0	\$0	1.0
TOTAL	\$1,005,396	\$300,000	\$705,396	\$0	\$0	1.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$1,005,396	\$300,000	\$705,396	\$0	\$0	1.0
R2 Categorical programs increase	126,000	0	126,000	0	0	0.0
Annualize prior year budget actions	0	0	0	0	0	0.0
TOTAL	\$1,131,396	\$300,000	\$831,396	\$0	\$0	1.0
INCREASE/(DECREASE)	\$126,000	\$0	\$126,000	\$0	\$0	0.0
Percentage Change	12.5%	0.0%	17.9%	n/a	n/a	0.0%
FY 2018-19 EXECUTIVE REQUEST						
Request Above/(Below)						
Recommendation	\$1,170	\$0	\$1,170	\$0	\$0	0.0

(C) GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE

(I) HEALTH AND NUTRITION

Background Information - Federal School Lunch Program: The National School Lunch Program provides low cost or free meals (breakfast, lunch, and after school snacks) to children. Public or non-profit private schools and residential childcare institutions that participate in the program receive federal cash subsidies and donated commodities from the U.S. Department of Agriculture for each meal served. In return, they must serve meals that meet federal nutrition requirements, and they must offer free or reduced price meals to eligible children based on the following eligibility criteria:

- *Free meals:* Families with incomes below 130% of the federal poverty level (e.g., \$31,980 for a family of four in FY 2017-18) are eligible.
- *Reduced price meals:* Families with incomes between 130% and 185% of the federal poverty level (e.g., between \$31,981 and \$54,510 for a family of four in FY 2017-18) are eligible.

Federal per meal reimbursements differ depending on whether the meal was served to a child who is eligible for free, reduced, or "full" price meals. For example, for school breakfasts, most schools

currently receive \$1.75 for each free meal served, \$1.45 for each reduced price meal served, and \$0.30 for each full price meal served. Children receiving a reduced price meal are generally charged the difference between the federal reimbursements for free and reduced price meals (e.g., \$0.30 per reduced price breakfast).

In Colorado, the Department of Education administers a multitude of school nutrition programs, the largest being the National School Lunch and Breakfast Program, and operates the programs through agreements with local school food authorities (usually school districts). Families are asked to complete a meal application to determine eligibility for free or reduced price meals. This information is confidential and is not shared with any other state or local agencies unless allowed by federal regulation. In FY 2017-18, per the October 1 pupil count, a total of 305,500 children are eligible for free meals, and another 70,813 children are eligible for reduced price meals. The percentage of students who are eligible for *free* meals is used as a factor to determine the level of per pupil funding for each school district, so districts have a financial incentive to encourage families to complete these forms even if they do not plan to participate in the school's lunch or breakfast program.

The following table provides Colorado eligibility and participation data related to the National School Lunch and Breakfast Programs.

DATA CONCERNING NATIONAL SCHOOL LUNCH PROGRAM IN COLORADO					
	FY 14-15 ACTUAL	FY 15-16 ACTUAL	FY 16-17 ACTUAL	FY 17-18 ACTUAL*	FY 18-19 ESTIMATE
Children <i>eligible</i> for free meals	305,362	309,995	312,801	308,382	310,708
<i>Annual % Change</i>	0.1%	1.5%	0.9%	-1.4%	0.8%
Children <i>eligible</i> for reduced price meals	64,419	66,083	68,302	71,076	73,109
<i>Annual % Change</i>	2.5%	2.6%	3.4%	4.1%	2.9%
Children eligible for free or reduced price meals	369,781	376,078	381,103	379,458	383,817
Percent of children eligible for <u>reduced price</u> meals who <i>participate</i> in <u>lunch</u> program	62.1%	61.0%	60.2%	60.0%	60.0%
Percent of children eligible for <u>reduced price</u> meals who <i>participate</i> in <u>breakfast</u> program	36.6%	35.9%	35.1%	35.0%	35.0%

* Note: The eligible counts are actuals from the October 2017 Pupil Count. The participation percentages are estimates from prior year.

FEDERAL NUTRITION PROGRAM

This line item reflects (for informational purposes) all federal funding that is available for nutrition programs. The federal funds and a small amount of General Fund included in this line item support 9.0 FTE who administer the various state and federal nutrition programs. It is staff's understanding that the state funding in this line item is required to comply with a federal maintenance of effort requirement associated with these federal funds. With the implementation of the Breakfast After the Bell Program (created in H.B. 13-1006 and discussed below), the federal grant reflected in this line item also includes the federal funds associated with Breakfast After the Bell.

STATUTORY AUTHORITY: Federal nutrition program statutes.

REQUEST: The Department requests a continuation appropriation of \$156,585,942 total funds (including \$92,786 General Fund and \$156,493,156 federal funds) and 9.0 FTE. The request includes an increase of \$31,530 total funds (including \$4,222 General Fund) to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies. As discussed above, it is staff's understanding that the state funding in this line item is required to comply with federal maintenance of effort requirements.

STATE MATCH FOR FEDERAL SCHOOL LUNCH PROGRAM

Under federal law, states must comply with a maintenance of effort (MOE) requirement in order to receive a portion of federal funds available through the National School Lunch Program. Colorado must comply with a \$2,472,644 MOE requirement.

Pursuant to S.B. 01-129, the General Assembly is now required to appropriate by separate line item an amount to comply with the MOE requirement for National School Lunch Program [see Section 22-54-123, C.R.S.]. The state matching funds are allocated by the Department among participating school districts. Districts may only use funds provided by this line item for the school lunch program, and districts that have previously used their own general fund moneys to subsidize school lunch service are not allowed to use moneys received from this line item to supplant that level of subsidy. Senate Bill 01-129 included an appropriation of \$2,472,644 from the State Public School Fund for FY 2001-02, and the General Assembly has appropriated the same amount annually in subsequent fiscal years. Subsequently, the federal government has indicated that states are required to meet the MOE requirement each school year as a condition of the state's receipt of federal "general cash assistance" funds, and the intent of this requirement is that a minimum amount of state revenues be provided to supplement the federal funds provided to schools to support the overall aim of the National School Lunch Program (which is to provide lunches to children in school). States are required to "ensure that State revenues, and State revenues only, can be shown to have been transferred into the school food service accounts of participating schools, or that school food service expenses have been borne by State revenues where these are to be counted in meeting the revenue match".

STATUTORY AUTHORITY: Section 22-54-123, C.R.S.

REQUEST: The Department requests continuation funding of \$2,472,644 cash funds from the State Public School Fund for FY 2018-19, unchanged from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the Department's request. Pursuant to federal law [Title 42, Chapter 13, Section 1756, Subsection (1) (a), U.S. Code] and the associated federal regulations [Title 7, Chapter II, Part 210, Subpart D, Section 210.17, Subsection (d), U.S. Code of Federal Regulations], in order to comply with the state revenue matching requirement, state moneys must be appropriated or used specifically for National School Lunch Program purposes (excluding state-level administrative expenses). It is possible that the State would risk the loss of about \$18 million in federal funds if this appropriation were eliminated. Staff recommends continuing to reflect this appropriation as cash funds -- interest and investment income earned on the Public School (Permanent) Fund that is credited to the State Public School Fund.

CHILD NUTRITION SCHOOL LUNCH PROTECTION PROGRAM

Pursuant to S.B. 08-123 [Section 22-82.9-101 et seq., C.R.S.], the Child Nutrition School Lunch Protection Program provides state funding to reimburse school districts for each lunch served to a child in kindergarten through fifth grade¹⁶ who is eligible for a reduced price meal. Using the same data collection system that is used to claim federal meal reimbursements, the Department calculates the amount of state funding each district is eligible to receive through this program based on the number of lunches served to eligible children.

The following table provides data related to districts' school lunch programs and the Child Nutrition School Lunch Protection Program.

DATA CONCERNING DISTRICTS' SCHOOL LUNCH PROGRAMS AND THE CHILD NUTRITION SCHOOL LUNCH PROTECTION PROGRAM				
	FY 14-15 ACTUAL	FY 15-16 ACTUAL	FY 16-17 ACTUAL	FY 17-18 ESTIMATE*
Total number of reduced priced lunches served (all grade levels)	6,335,687	6,019,387	6,098,762	6,220,737
Number of above meals for which state reimbursement is available	3,758,860	3,601,922	3,685,553	3,838,538
Estimated number of students who benefit from Child Nutrition School Lunch Protection Program subsidy	22,308	19,942	21,680	22,580
Child Nutrition School Lunch Protection Program Expenditures	\$1,536,142	\$1,473,360	\$1,507,103	\$1,568,640
<i>Annual percent change</i>	<i>111.3%</i>	<i>-4.1%</i>	<i>2.3%</i>	<i>4.1%</i>

* Note: HB 14-1156 Eligibility Age for the School Lunch Protection Program expanded the Program from PK-2nd grade to PK-5th grade.

As amended by S.B. 15-235 (Increasing Cap on Appropriation for School Lunch Protection Program), the act requires that "the General Assembly shall annually appropriate by separate line item in the annual general appropriation bill an amount of not less than \$850,000 and not more than \$2.5 million to the Department to allow school districts to provide lunches at no charge for children in kindergarten through fifth grade participating in the school lunch program who would otherwise be required to pay a reduced price for lunch." The act authorizes the Department to spend up to 2.0 percent of appropriated moneys for administrative costs (*e.g.*, \$50,000 for a \$2.5 million appropriation).

STATUTORY AUTHORITY: Section 22-82.9-101 et seq., C.R.S.

REQUEST: The Department requests continuation funding of \$1,661,989 total funds (including \$811,258 General Fund and \$850,731 cash funds from the State Education Fund) for FY 2018-19. The request includes an increase of \$731 cash funds from the State Education Fund to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies and appears to be sufficient to support the program's anticipated expenditures in FY 2018-19.

¹⁶ Prior to FY 2014-15, statute limited the program to kindergarten through second grade. However, H.B. 14-1156 (Eligibility Age School Lunch Protection Program) expanded the program to include kindergarten through fifth grade in FY 2014-15 and subsequent years.

START SMART NUTRITION PROGRAM FUND AND START SMART NUTRITION PROGRAM

Pursuant to S.B. 07-059 [Section 22-82.7-101 et seq., C.R.S.], the Start Smart Nutrition Program provides state funding to reimburse school districts for each breakfast served to a child eligible for a reduced price meal. Using the same data collection system that is used to claim federal meal reimbursements, the Department calculates the amount of state funding each district is eligible to receive through the Start Smart Nutrition Program based on the number of breakfasts served to children eligible for reduced price meals. The cost of the Program is driven by three factors:

- The number of districts and schools that provide a school breakfast program.
- The number of children who are eligible for reduced price meals.
- The number of eligible children who participate in school breakfast programs.

The following table provides data related to districts' school breakfast programs and the Start Smart Nutrition Program.

DATA CONCERNING DISTRICTS' SCHOOL BREAKFAST PROGRAMS AND THE START SMART NUTRITION PROGRAM					
	FY 13-14 ACTUAL	FY 14-15 ACTUAL	FY 15-16 ACTUAL	FY 16-17 ACTUAL	FY 17-18 ESTIMATE*
Number of <i>school districts</i> that offer a school breakfast program	172	173	172	170	170
Number of <i>schools</i> that offer a school breakfast program	1,298	1,368	1,393	1419	1460
Number of reduced price breakfasts served (and reimbursed by State)	2,842,184	3,190,503	3,049,063	3,138,929	3,201,708
Estimated number of students who benefit from Start Smart subsidy	19,035	19,519	23,724	23,998	24,877
Start Smart expenditures*	\$854,978	\$967,724	\$941,876	\$955,061	\$959,700
<i>Annual percent change</i>	<i>4.2%</i>	<i>13.2%</i>	<i>-2.7%</i>	<i>1.4%</i>	<i>0.5%</i>

STATUTORY AUTHORITY: Section 22-82.7-101 et seq., C.R.S.

REQUEST: The Department requests an appropriation of \$900,000 General Fund to the Start Smart Nutrition Program Fund in FY 2018-19, with no change from the FY 2017-18 appropriation. The request also includes a total appropriation of \$1,300,373 (including \$900,000 reappropriated funds and \$400,000 cash funds) to support the Start Smart Nutrition Program in FY 2018-19. The request for the Start Smart Nutrition Program line item includes an increase of \$373 reappropriated funds to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the requested appropriation of \$900,000 General Fund to the Start Smart Nutrition Program Fund line item. For the Start Smart Nutrition Program line item, staff recommends approving an appropriation of \$1,300,000 total funds, including \$900,000 reappropriated funds and \$400,000 cash funds from the Start Smart Nutrition Program Fund. The staff recommendation appears to be sufficient to support the Department's anticipated expenditures in FY 2018-19 and would avoid overspending the anticipated balance of the cash fund. Staff does not recommend appropriating any additional funding to annualize salary survey and merit pay appropriations for this line item. As detailed in the following table, the Department expects the requested level of funding to be sufficient to support anticipated expenditures in FY 2018-19.

START SMART NUTRITION PROGRAM FUND					
	FY 14-15 ACTUAL	FY 15-16 ACTUAL	FY 16-17 ACTUAL	FY 17-18 ESTIMATE*	FY 18-19 ESTIMATE*
Beginning Fund Balance	\$63,946	\$200,662	\$638,019	\$389,201	\$340,501
General Fund Appropriation to the Cash Fund	1,097,983	1,370,721	700,000	900,000	900,000
Interest Earnings	6,182	4,675	11,171	11,000	11,000
Unrealized Gain/Loss	275	3,837	(4,928)	0	0
Program Expenditures	(967,724)	(941,876)	(955,061)	(982,050)	(1,010,750)
Ending Fund Balance	\$200,662	\$638,019	\$389,201	\$318,151	\$218,401
Spending Authority (Annual Appropriation from the Cash Fund)*	\$1,136,983	\$1,422,998	\$1,100,000	\$1,300,000	\$1,300,000
Appropriation Exceeds/(Falls Short of) Expenditures	\$169,259	\$481,122	\$144,939	\$317,950	\$289,250

* The Department has updated estimates for Start Smart for FY 2017-18 based on meal counts for the period July 2017 - November 2017.

BREAKFAST AFTER THE BELL

The General Assembly added this line item to the FY 2014-15 Long Bill to support the Breakfast After the Bell program created in H.B. 13-1006. For FY 2014-15, the bill requires schools where at least 80 percent of students qualify for free or reduced-price lunch to offer a free breakfast to every student enrolled in the school. In FY 2015-16, the program expands to include all schools with at least 70 percent of students qualifying for free or reduced-price lunch. The bill exempts schools in small rural districts with fewer than 1,000 total students. Schools may choose the method and time to offer breakfast, so long as it occurs after the first bell of the school day. Schools where at least 90 percent of students ride to bus to school may choose to offer breakfast on the bus rather than at school. Federal nutrition funds associated with the program (approximately \$29.4 million per year) are reflected in the Federal Nutrition Programs line item (discussed above).

STATUTORY AUTHORITY: Sections 22-82.8-101 through 104, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$29,413,594 total funds (including \$24,338 General Fund and \$29,389,256 federal funds) and 0.3 FTE for FY 2018-19. The request includes an increase of \$814 General Fund to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving an appropriation of \$24,338 General Fund *and no federal funds* in this line item. The recommendation includes the following changes from the FY 201-18 appropriation:

- An increase of \$814 General Fund to annualize FY 2017-18 salary survey and merit pay as requested.
- A decrease of \$29.4 million federal funds to eliminate the informational appropriation of federal funds for this line item. As discussed above (Staff Initiated Breakfast After the Bell Adjustment), the federal funds associated with Breakfast After the Bell are already reflected in the Federal Nutrition Programs line item. Reflecting the federal funds in this line item thus overstates the Department's budget by \$29.4 million.

The following table shows the recommended change from the FY 2017-18 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, BREAKFAST AFTER THE BELL						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$29,412,780	\$23,524	\$0	\$0	\$29,389,256	0.3
TOTAL	\$29,412,780	\$23,524	\$0	\$0	\$29,389,256	0.3
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$29,412,780	\$23,524	\$0	\$0	\$29,389,256	0.3
Annualize prior year budget actions	814	814	0	0	0	0.0
SI Breakfast after the bell adjustment	(29,389,256)	0	0	0	(29,389,256)	0.0
TOTAL	\$24,338	\$24,338	\$0	\$0	\$0	0.3
INCREASE/(DECREASE)	(\$29,388,442)	\$814	\$0	\$0	(\$29,389,256)	0.0
Percentage Change	(99.9%)	3.5%	n/a	n/a	(100.0%)	0.0%
FY 2018-19 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$29,413,594	\$24,338	\$0	\$0	\$29,389,256	0.3
	\$29,389,256	\$0	\$0	\$0	\$29,389,256	0.0

S.B. 97-101 PUBLIC SCHOOL HEALTH SERVICES

Pursuant to Section 25.5-5-318, C.R.S. (S.B. 97-101), school districts, boards of cooperative educational services (BOCES), and state K-12 educational institutions are authorized to be reimbursed through Medicaid for health care services¹⁷ provided to Medicaid-eligible students. In order to do so, districts and BOCES must certify local expenditures on health care services in order to claim and receive federal Medicaid funding.

Districts are required to use the Medicaid funds received to provide student health care services. Each district is required to develop a local services plan that identifies the types of health services needed by students and the services it plans to provide. Districts spend the Medicaid funds for a variety of health-related purposes. The majority of funds are spent: providing nursing and other health clinic services; providing mental health services; providing speech, language, and vision services; providing physical and occupational therapy services; for health-related materials, equipment, and supplies; and conducting health insurance outreach activities (for Medicaid and CHP+).

The Department of Health Care Policy and Financing is responsible for the Medicaid billing aspects of the program, including developing regulations and administrative guidelines for submitting claims and contracting with individual districts. The Department of Education is responsible for providing technical assistance to districts in meeting administrative requirements and developing local service plans. Up to ten percent of the federal Medicaid funds that districts "earn" may be used to cover administrative costs incurred by the Department of Health Care Policy and Financing (DHCPF) and

¹⁷ Services for which districts may bill Medicaid include: targeted case management (e.g., time spent developing an individual education plan for a student eligible for special education services or a health care plan for a student with diabetes); direct services (e.g., providing services as mandated in a student's individual education plan); diagnostic services (e.g., a special education-related evaluation); and health encounters (e.g., a school nurse treating a student with a stomach ache).

the Department of Education, and the remainder is paid directly to districts and BOCES for the provision of health care services.

The appropriations to DHCPF for this program reflect both the federal Medicaid funds (reflected as federal funds) and the local certified matching funds (reflected as cash funds). The total funds appropriated to DHCPF cover the administrative costs incurred by the DHCPF and the Department of Education, as well as actual costs of health care claims. Since FY 2006-07, the appropriation to the Department of Education has only reflected the federal Medicaid funds that are used by the Department of Education to administer the program.

STATUTORY AUTHORITY: Section 25.5-5-318, C.R.S.

REQUEST: With request BA2 (HCPF Interagency Agreement, discussed above), the Department requests an appropriation of \$185,688 reappropriated funds and 1.4 FTE for FY 2018-19 to reflect anticipated revenues from the Department of Health Care Policy and Financing. The request includes an increase of \$10,878 (\$2,888 above the FY 2017-18 appropriation as adjusted by H.B. 18-1159 (Department of Education FY 2017-18 Supplemental) associated with request BA2.

RECOMMENDATION: As discussed above with request BA2, staff recommends approving an appropriation of \$148,550 reappropriated funds for this line item. The recommendation fully funds the requested \$185,688 associated with the S.B. 97-101 Public School health Services Program. However, to align with the Committee's standard practices, staff recommends reflecting \$148,550 in the S.B. 97-101 Public School Health Services line item and the remainder (\$37,138) in the Department's centrally appropriated line items (please note that this amount may change based on the Committee's common policy decisions). While staff recommends approving the request for \$185,688 in funding associated with the program to align with the departments' interagency agreement, the Department's request overstates the program's budget by "double counting" a total of \$37,138 of that amount by reflecting funds in centrally appropriated line items *and* in the S.B. 97-101 Public School Health Services line item. The staff recommendation eliminates the double counted funds and aligns the total appropriation (including the centrally appropriated amounts) with the departments' agreement. The following table compares the Department's request and the staff recommendation; the centrally appropriated items are subject to change based on the Committee's final common policy decisions.

BA2 HCPF INTERAGENCY AGREEMENT			
LINE ITEM	FY 2018-19 REQUEST	FY 2018-19 STAFF REC.	CHANGE FROM REQUEST
S.B. 97-101 Public School Health Services	\$185,688	\$148,550	(\$37,138)
Health, Life, and Dental ¹	15,355	15,355	0
Short-term Disability ¹	262	262	0
AED ¹	8,121	8,121	0
SAED ¹	8,121	8,121	0
Salary Survey - Classified ¹	661	661	0
Salary Survey - Exempt ¹	4,618	4,618	0
Total	\$222,826	\$185,688	(\$37,138)

¹The Department's request classifies the centrally appropriated amounts as federal funds because they originate as federal funds. The staff recommendation classifies *all* funds associated with this program as reappropriated funds. Some centrally appropriated amounts (particularly salary survey, AED, and SAED) are subject to change based on the Committee's final common policy decisions.

SCHOOL HEALTH PROFESSIONALS GRANT PROGRAM

The General Assembly added this line item to the FY 2015-16 Long Bill to support the School Health Professionals Grant Program authorized in S.B. 14-215 (Disposition of Legal Marijuana Related Revenue). Pursuant to Sections 22-96-101 through 105, C.R.S., the program is intended to enhance the presence of school health professionals (generally school nurses) in secondary schools throughout the State to facilitate better screening, education, and referral care for secondary school students with substance abuse and other behavioral health needs. Local education providers apply for grants under the program. As outlined in Section 22-96-103, C.R.S., the program is intended to provide funding for the following purposes:

- To increase the presence of school health professionals in secondary schools to provide substance abuse and behavioral health care to secondary school students.
- To provide training and resources for school staff on the implementation of evidence-based programs for substance abuse prevention education for all secondary school students.
- To allow school health professionals to connect secondary school students at risk for substance abuse with services provided by community-based organizations for treatment and counseling.

In FY 2017-18, the General Assembly increased the appropriation by \$9,689,950 cash funds from the Marijuana Tax Cash Fund and 3.0 FTE (from \$2,280,833 and 1.0 FTE in FY 2016-17 to \$11,970,783 and 4.0 FTE in FY 2017-18).

STATUTORY AUTHORITY: Sections 22-96-101 through 105, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$11,944,543 cash funds from the Marijuana Tax Cash Fund and 4.0 FTE for FY 2018-19. The request includes the following changes from the FY 2017-18 appropriation:

- An increase of \$3,760 to annualize FY 2017-18 salary survey and merit pay.
- A decrease of \$30,000 to annualize (and eliminate one-time funding included in) S.B. 17-025 (Marijuana Education Materials Resource Bank).

RECOMMENDATION: Staff recommends approving an appropriation of \$11,930,434 cash funds from the Marijuana Tax Cash Fund and 4.0 FTE for FY 2018-19. The recommendation is \$14,109 below the request because of the annualization of FY 2017-18 R7 (School Health Professionals Grant Program). Staff and the Department agree that the request should have eliminated \$14,109 in one-time funding provided through the FY 2017-18 decision item and that the recommendation is simply a technical correction to the requested amount. The following table shows the recommended change from the FY 2017-18 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, SCHOOL HEALTH PROFESSIONALS GRANT PROGRAM						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$11,923,783	\$0	\$11,923,783	\$0	\$0	4.0
Other legislation	\$47,000	\$0	\$47,000	\$0	\$0	0.0
TOTAL	\$11,970,783	\$0	\$11,970,783	\$0	\$0	4.0

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, SCHOOL HEALTH PROFESSIONALS GRANT PROGRAM						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$11,970,783	\$0	\$11,970,783	\$0	\$0	4.0
Annualize prior year legislation	(30,000)	0	(30,000)	0	0	0.0
Annualize prior year budget actions	(10,349)	0	(10,349)	0	0	0.0
TOTAL	\$11,930,434	\$0	\$11,930,434	\$0	\$0	4.0
INCREASE/(DECREASE)	(\$40,349)	\$0	(\$40,349)	\$0	\$0	0.0
Percentage Change	(0.3%)	n/a	(0.3%)	n/a	n/a	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$11,944,543	\$0	\$11,944,543	\$0	\$0	4.0
Request Above/(Below) Recommendation	\$14,109	\$0	\$14,109	\$0	\$0	0.0

LINE ITEMS SHOWN IN THE NUMBERS PAGES BECAUSE OF PRIOR YEAR FUNDING

The Department is not requesting, and staff is not recommending, funding for the following line item for FY 2018-19. However, the line item remains in the numbers pages at the end of this document because of funding provided in prior years.

SCHOOL CARDIOPULMONARY RESUSCITATION AND AUTOMATED DEFIBRILLATOR TRAINING PROGRAM

The General Assembly added this line item to the FY 2015-16 Long Bill to support the School Cardiopulmonary Resuscitation and Automated Defibrillator Training Program created in H.B. 14-1276 (Grant Program to Train High School Students in CPR). House Bill 14-1276: (1) created a grant program to support CPR and automated defibrillator training programs for high school students; (2) transferred \$250,000 General Fund to the School Cardiopulmonary Resuscitation and Automated Defibrillator Training Fund (created in the bill) to support the program and appropriated \$250,000 cash funds from the new cash fund to support grants in FY 2014-15. The bill did not include transfers to the cash fund in subsequent years and was silent with respect to funding beyond FY 2014-15. The FY 2015-16 appropriation depleted the available funding and the program did not receive an appropriation in FY 2016-17 or FY 2017-18.

(II) CAPITAL CONSTRUCTION

Background Information - Building Excellent Schools Today (B.E.S.T.) Program. House Bill 08-1335 replaced the capital construction financial assistance programs that were established in response to the *Giardino* lawsuit with the B.E.S.T. program. The B.E.S.T. program was designed to increase the amount of state financial assistance provided and allow projects to be completed more quickly. Rather than relying on annual General Fund appropriations, the B.E.S.T. program is supported by royalty and rental income earned on state trust lands, interest earned on the Public School Fund, lottery proceeds, and (beginning in FY 2013-14) up to \$40.0 million per year in recreational marijuana excise tax revenues pursuant to Amendment 64 and Proposition AA. Under current law, the following moneys are annually credited to the Public School Capital Construction Assistance (PSCCA) Fund:

- 50 percent of the gross amount of revenues from income and mineral royalties derived from state public school lands, or more if required to make lease payments under the terms of lease-purchase agreements (\$46.6 million in FY 2016-17).
- All local matching moneys for COP projects (\$16.4 million in FY 2016-17).
- Lottery proceeds that would otherwise be transferred to the General Fund (\$2.3 million in FY 2016-17).
- Recreational marijuana excise tax revenues (\$40.0 million in FY 2016-17)¹⁸.
- Interest and investment income earned on the PSCCA Fund (\$4.1 million in FY 2016-17).

With the enactment of S.B. 16-035 (The Public School Fund), the General Assembly authorized additional deposits into the PSCCA Fund beginning in FY 2017-18. The bill broadens the allowable investment options for the Public School (Permanent Fund), which generates interest to support education. Under S.B. 16-035, interest and income earned on the Permanent Fund over and above the \$21.0 million already distributed under current law will be deposited into the PSCCA Fund, up to a limit of \$10.0 million in FY 2017-18 and \$20.0 million in FY 2018-19 and subsequent years.

With the enactment of S.B. 14-112, moneys in the PSCCA Fund are subject to appropriation for: (a) direct and indirect administrative costs incurred by the PSCCA Division and Board (including the financial assistance priority assessment); (b) lease payments required for lease-purchase agreements; and (c) cash grants to support construction projects (prior to FY 2014-15, moneys for cash grants were continuously appropriated to the Department).

The act created a PSCCA Board and Division within the Department of Education to administer the grant program. The PSCCA Board is required to:

- (a) establish public school facility construction guidelines for use in assessing and prioritizing public school capital construction needs;
- (b) conduct or contract for a financial assistance priority assessment of public school facilities throughout the state (published in 2010 and currently being updated);
- (c) prioritize financial assistance applications for eligible public school facility capital construction projects based on specified criteria; and
- (d) annually submit a prioritized list of projects recommended for financial assistance to the State Board.

Subject to State Board authorization, the PSCCA Board may provide financial assistance to applicants as matching grants or by instructing the State Treasurer to enter into lease-purchase agreements on behalf of the State to finance public school facility capital construction. The act limits the total amount of annual lease payments payable by the State in any fiscal year, and requires payments above specified limits to be made only from applicant matching moneys. The PSCCA Board awards financial assistance based on specified statutory criteria, as well as the results of the statewide assessment of public school facilities. The assessment covers building conditions and space requirements in all 178

¹⁸ In FY 2015-16, the Public School Capital Construction Assistance Fund also received a one-time deposit of \$40.0 million in marijuana *sales* tax revenues as a result of Proposition BB (2015).

school districts, charter schools, State Charter School Institute schools, boards of cooperative services, and the Colorado School for the Deaf and Blind.

In FY 2015-16, the General Assembly added significant funding and FTE to the Division of Public School Capital Construction Assistance to support the B.E.S.T. program. The increases include \$2.7 million cash funds in one-time funding to support a contract to update the program's priority assessment database and train program staff in facility assessment and \$509,311 cash funds and 6.0 FTE to add an in-house assessment team to continually update and maintain the program priority assessment database.

DIVISION OF PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE

This line item supports the PSCCA Board and the Division of PSCA staff, including the staff added in FY 2015-16 to update and maintain the priority assessment and database.

STATUTORY AUTHORITY: Section 22-43.7-105, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,407,245 cash funds from the Public School Capital Construction Assistance Fund and 15.0 FTE for FY 2018-19, including an increase of \$24,620 to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies for FY 2018-19.

PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE BOARD – LEASE PAYMENTS

This line item provides spending authority to make payments as required by lease-purchase agreements. Prior to FY 2016-17, statute capped annual total lease payments (including state and local revenues) at \$80.0 million and limited the State's share to no more than \$40 million. As discussed above with the related staff initiated item (SI BEST Annualization Correction), S.B. 16-072 increased the cap on total lease payments to \$90.0 million (up to \$45 million state share) in FY 2016-17 and \$100.0 million (up to \$50 million state share) in FY 2017-18. The bill also raised the cap to \$110 million (\$55 million state share) in FY 2018-19 and \$120 million (60 million state share) in FY 2019-20 and subsequent years.

Pursuant to Section 22-43.7-104 (3), C.R.S., the use of any PSCCA Fund moneys to make lease payments required by lease-purchase agreements is subject to annual appropriation by the General Assembly.

STATUTORY AUTHORITY: Section 22-43.7-104 (3), C.R.S.

REQUEST: The Department requests a continuation appropriation of \$75.0 million cash funds from the Public School Capital Construction Assistance Fund to support B.E.S.T. COP payments in FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request. Staff further recommends delaying significant increases in the program's C.O.P. commitments until there is increased certainty regarding the program's revenues and the Department has updated the program's priority assessment.

PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE BOARD – CASH GRANTS

The General Assembly added this line item to the FY 2014-15 Long Bill to appropriate funds to support the B.E.S.T. Program's cash grants. As discussed above, prior to FY 2014-15, moneys for B.E.S.T. cash grants were continuously appropriated to the Department. However, the enactment of S.B. 14-112 made the program's cash grants subject to annual appropriation by the General Assembly.

STATUTORY AUTHORITY: Section 22-43.7-104, C.R.S.

REQUEST: The requests a continuation appropriation of \$70.0 million cash funds from the Public School Capital Construction Assistance Fund for B.E.S.T. cash grants in FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request.

FINANCIAL ASSISTANCE PRIORITY ASSESSMENT

This line item provides the funding necessary to conduct the financial assistance priority assessment of public school facilities throughout the state as required by Section 22-43.7-108, C.R.S. Pursuant to Section 22-43.7-104 (3), C.R.S., subject to annual appropriation, the Department may expend moneys in the PSCCA Fund to pay the costs of contracting for the financial assistance priority assessment. The Department contracted with Parsons (an assessment, design, and construction consultant) for the original assessment. In FY 2015-16, the General Assembly provided an additional \$2.7 million in one-time funding to: (1) reconfigure and adjust the priority assessment database; and (2) train the new assessment staff added to the Division of Public School Capital Construction Assistance through FY 2015-16 R7.

STATUTORY AUTHORITY: Section 22-43.7-108, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$150,000 cash funds from the Public School Capital Construction Assistance Fund, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request.

STATE AID FOR CHARTER SCHOOL FACILITIES

In 2001 (S.B. 01-129) the General Assembly created a new program to distribute State Education Fund moneys to charter schools for capital construction, providing that certain "qualified" charter schools will receive a flat amount of funding per pupil for capital construction expenditures. The amount that each charter school received per pupil was originally calculated as 130 percent of the minimum per pupil capital reserve amount that each district is required to budget; for FY 2001-02, qualified charter schools received \$322 per pupil. Thus, the amount of funding was originally required

to increase each year based on the number of qualified charter schools, the number of pupils attending such schools, and inflationary increases in the minimum per pupil capital reserve amount.

Subsequently, the General Assembly modified this program in two significant ways. First, the amount appropriated for the program is now specified in statute [see Section 22-54-124 (3) (a) (III) (A), C.R.S.]. Second, with the exception of a charter school that operates within a state facility, any charter school with "capital construction costs" is eligible to receive funding. The current system allocates annual appropriations among charter schools on a per pupil basis, except that any charter school operating in a school district facility that does not have ongoing financial obligations to repay the outstanding costs of new construction undertaken for the charter school's benefit receives one-half the amount per pupil that other charter schools receive. With the enactment of H.B. 14-1292 (Student Success Act), the General Assembly made the following changes to funding for the program:

- Increased the appropriation from the State Education Fund from \$7.0 million in FY 2013-14 to \$13.5 million in FY 2014-15 and required an increase to \$20.0 million in FY 2015-16 and subsequent years.
- Authorized additional funding for charter school capital construction from marijuana excise tax revenues. Beginning July 1, 2014, the bill directs the State Treasurer to deposit 12.5 percent of marijuana excise tax moneys deposited into the Public School Capital Construction Assistance Fund (PSCCAF) into the Charter School Facilities Assistance Account within the PSCCAF. Moneys in the account are subject to annual appropriation by the General Assembly. Consistent with the Committee's policy to spend prior year marijuana revenues, the Department spends moneys deposited into the Charter School Facilities Assistance Account in the year *after* the moneys are collected. Thus, the Department intends to distribute revenues collected in FY 2017-18 to charter schools in FY 2018-19. Based on an estimated \$40.0 million in marijuana excise tax revenues in FY 2017-18, the Department anticipates a transfer of \$5.0 million to the Charter School Facilities Assistance Account to be available for charter school construction in FY 2018-19.

STATUTORY AUTHORITY: Section 22-54-124 (3) (a) (III) (A), C.R.S.

REQUEST: The Department requests a continuation appropriation of \$25.0 million cash funds (including \$20.0 million from the State Education Fund and \$5.0 million from the Charter School Facilities Assistance Account, originally from marijuana excise taxes), with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request which is consistent with current law. The following table shows a history of per pupil funding amounts for this line item from FY 2005-06 through the FY 2018-19 recommendation.

STATE FUNDING FOR CHARTER SCHOOL CAPITAL CONSTRUCTION COSTS				
FISCAL YEAR	TOTAL APPROPRIATION	TOTAL FUNDING PER PUPIL FOR ELIGIBLE SCHOOLS ^a	STATE EDUCATION FUND APPROP.	DEDICATED MARIJUANA EXCISE TAX FUNDING ^c
2006-07	\$5,000,000	\$145.09	\$5,000,000	
2007-08	\$7,800,000	\$201.17	\$7,800,000	
2008-09 ^b	5,000,000	115.77	5,000,000	
2009-10	5,135,000	107.47	5,135,000	
2010-11	5,000,000	97.64	5,000,000	

STATE FUNDING FOR CHARTER SCHOOL CAPITAL CONSTRUCTION COSTS				
FISCAL YEAR	TOTAL APPROPRIATION	TOTAL FUNDING PER PUPIL FOR ELIGIBLE SCHOOLS ^a	STATE EDUCATION FUND APPROP.	DEDICATED MARIJUANA EXCISE TAX FUNDING ^c
2011-12	5,000,000	90.06	5,000,000	
2012-13	5,000,000	78.98	5,000,000	
2013-14	6,000,000	87.67	6,000,000	
2014-15	7,000,000	94.40	7,000,000	
2015-16	13,500,000	169.29	13,500,000	
2016-17	22,000,000	258.48	20,000,000	2,000,000
2017-18	25,000,000	263.18	20,000,000	5,000,000
2018-19 estimate	25,000,000	248.63	20,000,000	5,000,000

^a These figures represent the amount that most eligible schools receive; eligible schools *operating in a district facility* receive one-half this amount per student.

^b Of the amount appropriated, \$135,000 was allocated to a charter school for the deaf.

^c Based on estimate of 12.5 percent of marijuana excise tax revenues credited to the Public School Capital Construction Assistance Fund in the preceding fiscal year.

Based on self-reported enrollment projections for FY 2018-19 and estimated marijuana excise tax revenues from FY 2017-18 (to be spent in FY 2018-19), Department staff estimates that this appropriation would provide about \$249 per student FTE (with charter schools in district facilities receiving about \$124 per FTE).

(III) READING AND LITERACY

Background – Early Literacy and H.B. 12-1238

House Bill 12-1238 (READ Act) eliminated the Read-to-Achieve Program and replaced it with the Early Literacy Program. Current law provides two fund sources for the Early Literacy Program:

- \$34.0 million per year transferred from the State Education Fund to the Early Literacy Fund, beginning in FY 2014-15 (as increased by H.B. 14-1292 (Student Success Act) and H.B. 14-1298 (School Finance).
- \$4.4 million (in FY 2017-18) appropriated directly from the Marijuana Tax Cash Fund to support the Early Literacy Competitive Grant Program. Prior to the enactment of H.B. 16-1408 (Cash Fund Allocations for Health-related Programs), these funds were from tobacco litigation settlement moneys that had previously supported the Read-to-Achieve Program. However, H.B. 16-1408 eliminated the transfer of tobacco settlement money to the Early Literacy Fund and instead directly supports the Early Literacy competitive Grant Program with marijuana excise tax funds.

Continuing the levels of funding from FY 2017-18, staff thus anticipates a total of \$38,378,678 in “new” revenues to be available for early literacy activities in FY 2018-19 (as shown in the following table).

EARLY LITERACY PROGRAM FUND SOURCES IN FY 2018-19	
DESCRIPTION	REVENUE ESTIMATE
<i>Projected Funds Available</i>	
Marijuana Tax Cash Fund Appropriation	\$4,378,678
State Education Fund Moneys Transferred to Early Literacy Fund	34,000,000
Projected Early Literacy Program Funding	\$38,378,678

Within those resources, Sections 22-7-1210 (4) and (5), C.R.S., direct the Department to:

- Provide \$4.0 million per year in competitive grants;
- Spend \$1.0 million per year on regional professional development provided by the Department;
- Utilize up to 1.0 percent of the total annual appropriation from the Early Literacy Fund to administer the program; and
- Distribute any remaining funds as “per pupil intervention funding,” distributed to local education providers based on the number of students in each district identified as having significant reading deficiencies in the preceding school year.

EARLY LITERACY COMPETITIVE GRANT PROGRAM

Created in FY 2013-14, this line item supports the following activities authorized or required by H.B. 12-1238:

- \$4.0 million per year for the competitive grant program, as directed by the bill;
- \$1.0 million for regional professional development and support provided by Department staff, as directed by the bill; and
- Up to 1.0 percent of the annual appropriation *from the Early Literacy Fund* to support the Department’s administration of early literacy activities.

Following the enactment of H.B. 16-1408 (discussed above), the funds for this item are largely from the Marijuana Tax Cash Fund. However, because statute directs the Department to spend more than \$5.0 million on activities included in this line item, State Education Fund moneys transferred to the Early Literacy Fund will also support some of the activities in this line item.

STATUTORY AUTHORITY: Section 22-7-1210 (4), C.R.S.

REQUEST: The Department requests a continuation appropriation of \$5,219,998 cash funds (including \$4,378,678 from the Marijuana Tax Cash Fund and \$841,320 from the Early Literacy Fund) and 8.0 FTE. The request includes an increase of \$22,394 cash funds from the Early Literacy Fund to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee’s common policies for FY 2018-19. In compliance with the direction in Section 22-7-1210 (4) (b), C.R.S., staff’s recommendation includes:

- \$4.0 million for the competitive grant program required by the bill;
- \$1.0 million and 7.0 FTE to support regional professional development activities required by the bill; and
- \$219,998 and 1.0 FTE for program administration (representing 0.6 percent of the total \$34.0 million appropriation from the Early Literacy Fund).

EARLY LITERACY PROGRAM PER PUPIL INTERVENTION FUNDING

Created in FY 2014-15, this line item reflects funding to be distributed to local education providers based on the statutory formula for early literacy per pupil intervention funding. The FY 2013-14 Long Bill supported this line item with interest income earned on the Public School (Permanent) Fund transferred to the Early Literacy Fund. However, S.B. 13-260 (School Finance) eliminated the annual transfer of interest earned on the Permanent Fund and instead transferred \$16.0 million from the State Education Fund to the Early Literacy Fund to support the Early Literacy Program in FY 2013-14. The enactment of H.B. 14-1292 (Student Success Act) and H.B. 14-1298 (School Finance) increased the annual transfer from the State Education Fund to the Early Literacy Fund by \$18.0 million (for a total transfer of \$34.0 million) in FY 2014-15 and subsequent years.

The following table shows READ Act assessment results and per pupil funding amounts for FY 2015-16 and FY 2016-17.

EARLY LITERACY PER PUPIL INTERVENTION FUNDING FOR FY 2016-17 AND FY 2017-18						
GRADE	NUMBER OF STUDENTS READ ACT TESTED IN 2016	NUMBER IDENTIFIED WITH SRD IN 2015 (FUNDED FY 2016-17)	2016 PERCENT WITH SRD	NUMBER OF STUDENTS READ ACT TESTED IN 2017	NUMBER IDENTIFIED WITH SRD IN 2017 (FUNDED FY 2017-18)	2017 PERCENT WITH SRD
Half-day Kindergarten	14,657	1,125	7.7%	13,735	1,439	10.5%
Full-day Kindergarten	47,892	4,065	8.5%	48,349	4,930	10.2%
Grade 1	65,813	11,318	17.2%	63,720	11,107	17.4%
Grade 2	67,308	10,976	16.3%	65,615	10,806	16.5%
Grade 3	67,208	11,530	17.2%	67,360	12,251	18.2%
Total	262,878	39,014	14.8%	258,779	40,533	15.7%
Total Intervention Funding		\$33,242,424		\$32,985,900		
Per Pupil Allocation		\$852.06		\$813.98		

STATUTORY AUTHORITY: Section 22-7-1210 (4) (b) (IV), C.R.S.

REQUEST: The Department requests a continuation appropriation of \$33,242,424 cash funds from the Early Literacy Fund (transferred from the State Education Fund pursuant to Section 22-7-1210 (1) (d), C.R.S.) and 1.0 FTE for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies for FY 2018-19.

EARLY LITERACY ASSESSMENT TOOL PROGRAM

The General Assembly added this line item to the FY 2014-15 Long Bill to provide ongoing support for the Early Literacy Assessment Tool (ELAT) Program originally created in H.B. 12-1345 (2012 School Finance Bill). The READ Act (H.B. 12-1238) requires public school teachers in kindergarten through third grade to administer an interim assessment to all students to determine whether children are on track to reach grade level reading proficiency. Students identified as significantly below grade level must take a diagnostic assessment to determine specific areas of need for reading improvement. Teachers then use the assessment data to develop a collaborative intervention plan (READ Plan) with the child's parents.

Associated with the early literacy assessment requirements in the READ Act, House Bill 12-1345 required the Department to issue a competitive request for proposals to procure an Early Literacy Assessment Tool (ELAT) for districts' use and appropriated \$3.0 million cash funds from the State Education Fund to procure the tool. For participating districts, the use of the ELAT defrays assessment costs that would otherwise be required by the READ Act; districts may choose between seven state-approved assessments for READ Act implementation (one of which is the ELAT) but must pay for tools other than the ELAT. The ELAT provision (Section 22-2-141, C.R.S.) requires the ELAT software to, at a minimum:

- Provide individualized assessments with immediate results;
- Store and analyze assessment results, recommend activities that are aligned with the assessment results, and assist in tracking student performance and identifying strategies to improve student performance;
- Provide student grouping recommendations based on the assessment scores and provide proposed lesson plans on a short-term cycle; and
- Assist in generating and populating individualized plans to improve students' reading skills.

The Department transitioned from the diagnostic assessment that the state provided in FY 2013-14 ("Burst") to the "DIBELS Deep" diagnostic assessment in FY 2014-15 (the program used both assessments in FY 2014-15 but transitioned fully to DIBELS Deep in FY 2015-16).

The Department has contracted with Amplify to supply the ELAT, and participation has grown each year in terms of districts, schools, and students using the system (see table below). Since its inception in FY 2013-14, participation has grown from 123 districts (plus the State Charter School Institute), covering 417 schools and approximately 90,500 students to 146 districts (plus the State charter School Institute), covering 579 schools and more than 126,000 students in FY 2017-18.

EARLY LITERACY ASSESSMENT TOOL USAGE AND PARTICIPATION					
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Districts Participating*	124	127	133	138	146
Schools Participating	417	482	517	576	579
Students Covered	90,500	109,500	119,121	132,339	126,055

*Includes the State Charter School Institute

STATUTORY AUTHORITY: Section 22-2-141, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$2,997,072 cash funds from the State Education Fund, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request, which the Department expects to be sufficient for FY 2018-19. Staff notes that the Department is initiating a new contract for the ELAT for FY 2018-19 and that the contract change may affect costs going forward. The following table shows the basis of the staff recommendation for FY 2018-19.

FY 2018-19 ELAT CONTRACT COST ESTIMATES			
	ESTIMATED NUMBER OF STUDENTS	COST PER STUDENT	TOTAL COST
Returning Students	130,814	\$21.50	\$2,812,501
New Students (Growth)	2,947	\$22.25	65,571
Subtotal - Per Student Contract Costs	133,761		\$2,878,072
Contract - Professional Development and Direct Support to Schools			\$119,000
Total Contract Costs			\$2,997,072

Staff notes that the program has continued to show promising results in terms of improving the percentage of students reading at benchmark levels in each applicable grade (kindergarten through third). As shown in the following tables, schools using the system are seeing improvements at both mid-year and end-of-year checkpoints. While the system appears to show progress within each grade each year, staff is concerned about apparent “backsliding” as students move from one grade to the next. Staff will continue to work with the Department to improve the evaluation of the outcomes of the program. Because the system provides the Department with access to data not provided by schools and districts that are not using the system, staff does not have comparable results in non-ELAT schools for comparative purposes.

FY 2017-18 MID-YEAR ELAT RESULTS						
GRADE	PERCENTAGE OF STUDENTS WELL BELOW BENCHMARK			PERCENTAGE OF STUDENTS AT BENCHMARK		
	AUGUST	DECEMBER	CHANGE AUGUST TO DEC	AUGUST	DECEMBER	CHANGE AUGUST TO DEC
Kindergarten	29%	15%	-14%	52%	68%	16%
First	27%	23%	-4%	57%	66%	9%
Second	21%	20%	-1%	69%	71%	2%
Third	24%	20%	-4%	66%	69%	3%

FY 2016-17 FULL YEAR ELAT RESULTS								
GRADE	PERCENTAGE OF STUDENTS WELL BELOW BENCHMARK				PERCENTAGE OF STUDENTS AT BENCHMARK			
	AUGUST	DECEMBER	MAY	CHANGE - AUG TO MAY	AUGUST	DECEMBER	MAY	CHANGE - AUG TO MAY
Kindergarten	28%	15%	7%	-21%	53%	68%	82%	29%
First	27%	23%	17%	-10%	57%	66%	70%	13%
Second	21%	20%	15%	-6%	70%	71%	73%	3%
Third	24%	20%	15%	-9%	66%	68%	75%	9%

ADULT EDUCATION AND LITERACY GRANT PROGRAM

The General Assembly added this line item to the FY 2015-16 Long Bill to support the Adult Education and Literacy Grant Program created in H.B. 14-1085 (Adult Education and Literacy). The program provides funding to local education providers (including public and private schools, institutions of higher education, nonprofit community-based organizations, and other related agencies) that are members of workforce development partnerships that provide basic education to adults.

STATUTORY AUTHORITY: Section 22-10-104, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$968,863 General Fund for FY 2018-19, including an increase of \$7,419 above the FY 2017-18 appropriation to annualize salary survey and merit pay appropriations.

RECOMMENDATION: Staff recommends approving the request based on the assumption that the General Assembly intended for the program to be ongoing. The Department submitted an annual report on the program to the General Assembly in January 2017 discussing the performance of the FY 2015-16 grantees (the second year of operation of the program). The program's second year saw significant increases in enrollment (from a total of 393 students in grant-supported programs in FY 2014-15 to 1,351 students in FY 2015-16). Preliminary data also shows progress in educational/skill attainment for program participants. Staff will continue to work with the Department to monitor the program going forward.

(IV) PROFESSIONAL DEVELOPMENT AND INSTRUCTIONAL SUPPORT

CONTENT SPECIALISTS

This line item provides funding to support five "content specialists" to provide leadership, guidance, and support for schools and school districts in specific content areas to positively impact student achievement: (1) mathematics; (2) science; (3) social studies (history, geography, civics, and economics); (4) arts (visual arts and music); and (5) achievement gaps.

STATUTORY AUTHORITY: Section 22-7-1005, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$820,335 cash funds from the State Education Fund and 5.0 FTE for FY 2018-19. The request includes an increase of \$9,595 to annualize FY 2017-18 salary survey and merit pay. In what staff and the Department agree is a technical error, the request continues \$340,840 provided as one-time funding associated with FY 2017-18 R4 (Academic Standards Revision).

RECOMMENDATION: Staff recommends approving an appropriation of \$479,495 cash funds from the State Education Fund and 5.0 FTE. The recommendation is \$340,840 below the request based on the elimination of one-time funding associated with FY 2017-18 R4 (Academic Standards Revision). As discussed above, staff and the Department both agree that continuation of that funding was a technical error in the request. The following table shows the recommended change from the FY 2017-18 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, CONTENT SPECIALISTS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$810,740	\$0	\$810,740	\$0	\$0	5.0
TOTAL	\$810,740	\$0	\$810,740	\$0	\$0	5.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$810,740	\$0	\$810,740	\$0	\$0	5.0

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, CONTENT SPECIALISTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize prior year budget actions	(331,245)	0	(331,245)	0	0	0.0
TOTAL	\$479,495		\$479,495	\$0	\$0	5.0
INCREASE/(DECREASE)	(\$331,245)	\$0	(\$331,245)	\$0	\$0	0.0
Percentage Change	(40.9%)	n/a	(40.9%)	n/a	n/a	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$820,335	\$0	\$820,335	\$0	\$0	5.0
Request Above/(Below)						
Recommendation	\$340,840	\$0	\$340,840	\$0	\$0	0.0

SCHOOL BULLYING PREVENTION AND EDUCATION CASH FUND

The General Assembly created this line item in the FY 2016-17 Long Bill to support the School Bullying Prevention and Education Grant Program originally created in H.B. 11-1254 (Bullying in Schools). House Bill 11-1254 authorized the receipt of gifts, grants, and donations to support the program but did not provide state funding and the program did not receive any state funding prior to FY 2015-16.

House Bill 15-1367 (Retail Marijuana Taxes) included a contingent appropriation of \$2.0 million General Fund (from the Proposition AA Refund Account) into the School Bullying Prevention and Education Cash fund for FY 2015-16. The General Assembly continued to support the program in FY 2016-17 with an appropriation of \$900,000 cash funds from the Marijuana Tax Cash Fund into the School Bullying Prevention and Education Cash Fund; the appropriation included a one-time reduction (of \$1.1 million) from the \$2.0 million provided in FY 2015-16 to balance appropriations from the Marijuana Tax Cash Fund. Because the School Bullying Prevention and Education Cash Fund is continuously appropriated to the Department, a second appropriation out of the cash fund is not necessary.

Subject to available appropriations, H.B. 11-1254 requires the Department to provide grants to public schools and facility schools to support the implementation of evidence-based practices and policies to reduce the incidence of bullying. The bill also requires the Department collaborate with the School Safety Resource Center, school districts, and others to research best practices and evidence-based practices to reduce bullying activity and to provide best practices and other resources on the Department's website.¹⁹

After the passage of Proposition BB in 2015, which approved the distribution of funds to the Bullying Prevention and Education Grant Program, the State Board of Education approved rules for the administration of the program in May 2016. In addition to establishing criteria for the review of applications, the rules limit grants to no more than \$40,000 per school per year (a single district can receive grants for more than one school).

The program, operating on a three-year grant cycle, made the first grants in FY 2016-17. In the first year (FY 2016-17), 23 entities submitted applications for bullying prevention grants. The Department approved 17 applications, representing 14 school districts (including the Charter School Institute and

¹⁹ The Department's resources are available at: <http://www.cde.state.co.us/mtss/bullying/bestpractices>

the South Central BOCES) and 73 separate schools. Under the program rules, grant recipients must use the funds to support evidence-based programs to reduce bullying activity and must report to the Department each year regarding the practices implemented, the number and grade levels of students served, the fidelity of implementation, and the grantees progress in achieving the goals of the grant.

STATUTORY AUTHORITY: Sections 22-93-101 through 106, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$2,000,000 cash funds from the Marijuana Tax Cash Fund to the School Bullying Prevention and Education Cash Fund for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request based on the assumption that the General Assembly intends to continue to fund the program. The Department is currently in the second year of the initial three-year grant cycle and does not yet have adequate data to evaluate the effects of the program. However, the Department has indicated that the preliminary results are promising and that the Department expects to see significant reductions in bullying behavior in grant recipient schools.

OFFICE OF DROPOUT PREVENTION AND STUDENT REENGAGEMENT

House Bill 09-1243 [Section 22-14-101 et. seq., C.R.S.] created the Office of Dropout Prevention and Student Reengagement to collaborate with local education providers to reduce student dropout rates and to increase graduation rates. The Office's duties include:

- Analysis of student data related to dropout rates, completion rates, truancy, suspension and expulsion rates, safety and discipline incidence and student growth.
- Coordination of departmental efforts and initiatives to address dropout prevention, student reengagement, and adult education.
- Identification of best practices and strategies to reduce dropout rates and increase student engagement and reengagement.
- Securing and managing resources to fund services and supports.

The Department received a five-year competitive grant award of \$14.1 million through the U.S. Department of Education's High School Graduation Initiative Program to begin in FY 2010-11 (the Department spent the funds from FY 2010-11 through September 2016). The Department used these funds to partner with 54 high needs high schools to: develop sustainable, replicable models for dropout prevention and recovery; improve interim indicators; reduce the dropout rate; increase the student re-engagement rate; and increase the graduation rate for high school students.

Although the Office supports the administration and implementation of six separate programs,²⁰ the funding associated with five of those programs is reflected elsewhere in the budget. The funding reflected in this line item (\$2.0 million in FY 2017-18) is virtually all for the Student Re-engagement Grant Program created in H.B. 09-1243. For FY 2015-16, H.B. 15-1367 (Retail Marijuana Taxes)

²⁰ Programs include: 21st Century Community Learning Centers (a federal program), the Expelled and At Risk Student Services Grant Program (a categorical program discussed above), Foster Care Education (a collaborative effort with the Department of Human Services and the University of Northern Colorado, supported with contract funds from UNC), the federal McKinney-Vento Homeless Education Program, School Emergency Management (supported by federal grants), and the Student Re-engagement Grant Program.

included a contingent appropriation of \$2.0 million General Fund to support the Student Re-engagement Grant Program (contingent upon the passage of Proposition BB). The voters' passage of Proposition BB gave the Department access to those funds in FY 2015-16. For FY 2016-17, the General Assembly appropriated \$900,000 cash funds from the Marijuana Tax Cash Fund directly to the Office of Dropout Prevention and Student Reengagement; similar to the School Bullying Prevention and Education Cash Fund line item (discussed above), the FY 2016-17 appropriation included a one-time reduction of \$1.1 million to balance appropriations from the Marijuana Tax Cash Fund. The FY 2017-18 appropriation for this line item consists of two components:

- \$2.0 million cash funds from the Marijuana Tax Cash Fund and 0.9 FTE to support the Student Re-engagement Grant Program.
- \$18,414 General Fund and 0.3 FTE appropriated in H.B. 17-1276 (Restrict Restraints on Public School Students).

Using the funds provided for FY 2015-16, the Department began the Student Re-engagement Grant Program in January 2016. The program provides competitive multi-year (up to three-year) grants to school districts and charter schools to provide educational services and supports to students to maintain student engagement and support re-engagement.

STATUTORY AUTHORITY: Section 22-14-109, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$2,022,341 total funds, including \$21,922 General Fund and \$2,000,419 cash funds from the Marijuana Tax Cash Fund, and 1.2 FTE for FY 2018-19. The request includes the following changes from the FY 2017-18 appropriation:

- An increase of \$3,508 General Fund to annualize H.B. 17-1276 (Restrict Restraints on Public School Students).
- An increase of \$419 cash funds from the Marijuana Tax Cash Fund to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies. The following table shows the recommended changes from the FY 2017-18 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, OFFICE OF DROPOUT PREVENTION AND STUDENT REENGAGEMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$2,000,000	\$0	\$2,000,000	\$0	\$0	0.9
Other legislation	\$18,414	\$18,414	\$0	\$0	\$0	0.3
TOTAL	\$2,018,414	\$18,414	\$2,000,000	\$0	\$0	1.2
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$2,018,414	\$18,414	\$2,000,000	\$0	\$0	1.2
Annualize prior year legislation	3,508	3,508	0	0	0	0.0
Annualize prior year budget actions	419	0	419	0	0	0.0
TOTAL	\$2,022,341	\$21,922	\$2,000,419	\$0	\$0	1.2
INCREASE/(DECREASE)	\$3,927	\$3,508	\$419	\$0	\$0	0.0
Percentage Change	0.2%	19.1%	0.0%	n/a	n/a	0.0%

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, OFFICE OF DROPOUT PREVENTION AND STUDENT REENGAGEMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 EXECUTIVE REQUEST	\$2,022,341	\$21,922	\$2,000,419	\$0	\$0	1.2
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	(0.0)

STIPENDS FOR NATIONALLY BOARD CERTIFIED TEACHERS

House Bill 12-1261 extended a program (originally created by H.B. 08-1364) to provide stipends to school teachers holding certification from the National Board for Professional Teaching Standards (NBPTS). Subject to available appropriations, the program provides an annual stipend of \$1,600 to each national board certified teacher and an *additional* \$3,200 stipend to such teachers employed in low-performing, high needs schools (defined as schools accredited with a priority improvement plan or a turnaround plan).

House Bill 12-1261 included an appropriation of \$604,800 cash funds from the State Education Fund based on an estimate of the number of eligible teachers in low-performing, high needs schools. Under the bill, if appropriations are insufficient to provide stipends to all qualified teachers, then the Department only provides the increased stipends to teachers in low-performing, high needs schools. In FY 2013-14, the General Assembly appropriated \$1,617,600 cash funds from the State Education Fund to provide stipends to eligible teachers outside of low-performing, high needs schools. The FY 2014-15 Long Bill reduced the appropriation to \$1,580,800 based on actual utilization of the program.

STATUTORY AUTHORITY: Section 22-2-504, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,384,000 cash funds from the State Education Fund for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request. The use of this program has proven somewhat challenging to forecast, and the recommendation carries forward the current appropriated amount as staff and the Department agree that the current appropriation appears to be adequate for FY 2018-19. Staff's recommendation assumes that the General Assembly intends to continue to fund stipends for all eligible teachers, including those outside of low-performing, high needs schools (as it has for FY 2013-14 through FY 2017-18). In contrast, providing stipends only to eligible teachers in low-performing, high needs schools (as the General Assembly did in FY 2012-13) would require an estimated \$310,080.

STIPENDS FOR NATIONALLY BOARD CERTIFIED EDUCATORS UNDER H.B. 12-1261				
	FY 2016-17 ACTUAL**	FY 2017-18 ESTIMATE/APPROP	FY 2017-18 CURRENT ESTIMATE AS OF 2/26/18	FY 2018-19 ESTIMATE
National Board Certified Educators in Low-Performing, High Needs Schools*	53	55	54	65
Stipend per Educator	\$4,800	\$4,800	\$4,800	\$4,800
Total Payment for Educators in Low-Performing, High Needs Schools**	\$233,454	\$264,000	\$259,200	\$310,080

STIPENDS FOR NATIONALLY BOARD CERTIFIED EDUCATORS UNDER H.B. 12-1261				
	FY 2016-17 ACTUAL**	FY 2017-18 ESTIMATE/APPROP	FY 2017-18 CURRENT ESTIMATE AS OF 2/26/18	FY 2018-19 ESTIMATE
National Board Certified Educators in Other Schools	583	700	529	644
Stipend Per Educator	\$1,600	\$1,600	\$1,600	\$1,600
Total Estimated Payment for Educators in Other Schools	\$898,480	\$1,120,000	\$846,400	\$1,031,040
Total National Board Certified Educators	636	755	583	709
Total Estimated Payment for All National Board Certified Educators**	\$1,131,934	\$1,384,000	\$1,105,600	\$1,341,120

QUALITY TEACHER RECRUITMENT PROGRAM

The General Assembly added this line item to the FY 2014-15 Long Bill to support appropriations for the Quality Teacher Recruitment Program created in S.B. 13-260 (School Finance). Section 22-94-102, C.R.S., directs the Department to contract with organizations working with school districts and boards of cooperative educational services (BOCES) to recruit, select, train, and retain highly qualified teachers in areas that have historically had difficulty attracting and retaining such teachers.

In December 2013, the Department selected the Public Education Business Coalition (PEBC) and Teach for America (TFA-Colorado) as grant recipients, with each program receiving half of the annual grant funds (\$1,470,000 per year). The providers have divided the State geographically, with each program placing teachers in specific districts.

- PEBC placed 95 teachers in 22 school districts in FY 2016-17. In total, PEBC has placed a total of 226 teachers in 28 school districts from FY 2014-15 through FY 2016-17.²¹
- TFA Colorado placed 78 new teachers in 3 school districts (Denver, Harrison, and Pueblo City) in FY 2016-17 through the grant program. In total, TFA Colorado has placed 281 teachers in those districts over the past three years.

Section 22-94-103, C.R.S., requires the vendors conducting the program to submit annual reports to the Department and requires the Department to contract with a third party to conduct annual evaluations of the program. The Department has contracted with OMNI Research to evaluate the program, and OMNI has submitted four reports to date (the most recent report is from August 2017). The following tables shows each organization's actual placements for each year from FY 2014-15 through FY 2016-17 as well as retention information.

QUALITY TEACHER RECRUITMENT PROGRAM: PEBC TEACHER PLACEMENT DATA			
	COHORT 1: FY 2014-15	COHORT 2: FY 2015-16	COHORT 3: FY 2016-17
Total teachers placed in partner districts	61	70	95
<i>Placed as Teacher of Record</i>	8	7	32

²¹ The following districts have received PEBC placements over the three years of operation: Adams 12 Five Star, Alamosa, Archuleta, Aurora, Bayfield, Brighton, Center, Denver, Dolores, Durango, Englewood, Ignacio, Jefferson County, Lone Star, Manzanola, Mapleton, Moffat Consolidated, Monte Vista, Montezuma-Cortez, Mountain Valley, North Conejos, Logan RE-1, Rocky Ford, Sierra Grande, South Conejos, Trinidad, Wray, and Yuma.

QUALITY TEACHER RECRUITMENT PROGRAM: PEBC TEACHER PLACEMENT DATA			
	COHORT 1: FY 2014-15	COHORT 2: FY 2015-16	COHORT 3: FY 2016-17
<i>Placed as Resident</i>	53	63	63
Completed first year in program	61 (94%)	64 (91%)	90 (95%)
Completed second year in program	57 (88%)	54 (77%)	n/a
Completed third year in program	52 (80%)	n/a	n/a

QUALITY TEACHER RECRUITMENT PROGRAM: TFA COLORADO TEACHER PLACEMENT DATA			
	COHORT 1: FY 2014-15	COHORT 2: FY 2015-16	COHORT 3: FY 2016-17
Total teachers placed in partner districts	111	92	78
<i>Placed as Teacher of Record</i>	111	92	78
<i>Placed as Resident</i>	0	0	0
Completed first year in program	106 (95%)	84 (91%)	75 (95%)
Completed second year in program	95 (86%)	75 (82%)	n/a
Completed third year in program	59 (53%)	n/a	n/a

The next table shows the total grant funds provided to each organization over the three year period, the total number of teachers placed over that period, the number of teachers that completed at least the first year, and the average *state* cost for each teacher. Please note that the school districts receiving placements pay the salaries of any placed teachers. Thus, the costs shown cover recruiting and training costs but do *not* include salaries for the teachers. Also, please note that statute requires the vendors to match state funding equally, so the total cost per placement (including non-state funds) is double the amount shown.

COMPARISON OF COST PER TEACHER PLACEMENT (THREE-YEAR TOTAL)		
	PEBC	TFA COLORADO
Total grant funds received	\$4,410,000	\$4,410,000
Total teachers placed (FY 2014-15 through FY 2016-17)	226	281
Average <i>state</i> cost per placement	\$19,513	\$15,694
Total teachers that finished at least the first year	215	265
Average <i>state</i> cost per teacher finishing first year	\$20,512	\$16,642

Please note that the TFA-Colorado program places all teachers as the “teacher of record” in the first year of the program and requires a two year commitment from recruits. In contrast, PEBC has placed the majority of recruits as “residents” in mentor teacher classrooms for the first year. The PEBC participants become teachers of record in the second year and have made a three year commitment to the program (including the residency year), and the PEBC makes a five-year commitment to provide supports to program participants.

STATUTORY AUTHORITY: Section 22-94-102, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$3.0 million cash funds from the State Education Fund in FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request for FY 2018-19. Both organizations have proven their ability to place teachers in hard-to-serve districts and schools. According to the annual OMNI report, partner districts have provided positive reviews of both programs and of the teachers placed by each program. According to the report, “Overall, the 2016-17 evaluation of the QTR Grant Program found that BTR [PEBC’s Boettcher Teacher Residency] and TFA-Colorado continue to successfully recruit, place, and retain high-quality teachers in schools and districts that have had historic difficulty in retaining high-quality teachers.”

RURAL TEACHER RECRUITMENT AND GROW YOUR OWN PROGRAM (NEW LINE ITEM REQUESTED)

With request BA3 (Rural Teacher Recruitment and Grow Your Own Program, discussed above), the Governor’s Office is requesting the creation of this line item to support the program proposed in the budget amendment to improve teacher recruitment and retention in rural school districts. The proposal requires separate legislation to establish the program.

STATUTORY AUTHORITY: None – the proposal requires separate legislation.

REQUEST: The Governor’s Office is requesting the creation of this line item to appropriate \$8.0 million in one-time funding from the Marijuana Tax Cash Fund in FY 2018-19 to support the proposed program. The request includes \$7.5 million to be distributed to 147 rural school districts (at a flat amount of \$51,000 per school district) and \$500,000 to create a marketing and outreach campaign to promote teaching in Colorado as a career choice, strengthen statewide partnerships between the State’s workforce efforts and the teaching profession, and develop additional pathways for individuals working to become educators.

RECOMMENDATION: As discussed above with request BA3, staff recommends denying the request to create the proposed line item in the FY 2018-19 Long Bill. Instead, staff recommends that any separate legislation intended to address the teacher shortage include appropriations necessary to support the legislation. Staff is also not recommending that the Committee sponsor the proposed legislation.

EDUCATOR PERCEPTION

The General Assembly added this line item to the FY 2014-15 Long Bill to provide \$100,000 General Fund to support the administration of the biennial Teaching, Empowering, Leading, and Learning (TELL) Survey which surveys school-based educators statewide to assess teaching conditions.

House Bill 08-1384 (Retention of Qualified Educators) authorized the Department to conduct a biennial survey of teaching and learning conditions. The goal of the bill and program is to survey every school-based licensed educator regarding their perceptions of teaching and learning conditions to provide insights for policy decisions at the school, local district, and state levels. The Department has worked with a variety of partners to administer the survey. According to the tellcolorado.org website, the Department has partnered with the New Teacher Center, the Colorado Association of School Boards (CASB), the Colorado Association of School Executives (CASE), the Colorado League of Charter Schools, the American Federation of Teachers (Colorado), and the Colorado Education Association. The Department is administering the survey for the fifth time in FY 2017-18, although previous administrations were largely supported by alternative fund sources.

STATUTORY AUTHORITY: Section 22-2-503, C.R.S.

REQUEST: The Department is administering the survey in FY 2017-18 using funds that were originally appropriated in FY 2016-17 but rolled forward to support administration in FY 2017-18. Because the survey is administered every other year, the Department's request does not include any funding for the survey in FY 2018-19.

RECOMMENDATION: Staff recommends approving the request for no funding for FY 2018-19. Staff anticipates that funding will again be required in FY 2019-20.

ENGLISH LANGUAGE LEARNERS TECHNICAL ASSISTANCE

The General Assembly added this line item to the FY 2014-15 Long Bill to support additional technical assistance staff related to English language learners (ELLs). The line item supports staff providing technical assistance to local education providers to improve services for ELL students statewide.

The Department has used these funds to provide a series of professional development opportunities each year from FY 2014-15 through FY 2017-18 and to provide one-on-one support to school districts as needed and requested. The Department has worked to target the professional development opportunities based on the needs of school and district personnel to both improve understanding of requirements related to EL services and deliver effective practices to support improved services. The Department (Office of Culturally and Linguistically Diverse Education or CLDE) offers a series of professional learning opportunities, including regional professional learning, webinars, regional director networking meetings, and targeted support. In addition, the Department hosts an annual CLDE Academy for district CLDE directors, coordinators, and teachers. Finally, the Department offers district-wide reviews and is in the process of developing school-level reviews of English language development programs.

STATUTORY AUTHORITY: Section 22-24-106, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$384,447 total funds (including \$331,545 General Fund and \$52,902 cash funds from the State Education Fund) and 5.0 FTE for FY 2018-19. The request includes an increase of \$11,202 total funds above the FY 2017-18 appropriation to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies.

ENGLISH LANGUAGE PROFICIENCY ACT EXCELLENCE AWARDS PROGRAM

The General Assembly added this line item to the FY 2015-16 Long Bill to support the English Language Proficiency Act Excellence Award Program created in H.B. 14-1298 (School Finance). Created in Section 22-24-107, C.R.S., the program awards grants to local education providers and charter schools that achieve the highest growth and academic achievement for English language learners (ELLs) and the highest academic achievement for ELLs who transition out of the English

Language Proficiency Program. The Department awarded grants to ten school districts and ten charter schools in each of the first three years of implementation (FY 2014-15 through FY 2016-17).

STATUTORY AUTHORITY: Section 22-24-107, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$500,000 cash funds from the State Education Fund for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request. Based on the anecdotal data available, the program appears to provide an additional incentive for schools and districts to seek out best practices that could improve achievement.

ENGLISH LANGUAGE LEARNERS PROFESSIONAL DEVELOPMENT AND STUDENT SUPPORT PROGRAM

The General Assembly added this line item to the FY 2015-16 Long Bill to support the English Language Learners Professional Development and Student Support Program created in H.B. 14-1298 (School Finance). House Bill 14-1298 repeals and reenacts the English Language Proficiency Act and creates the Professional Development and Student Support Program to allocate moneys to local education providers to offset costs incurred in complying with the English Language Proficiency Act. House Bill 14-1298 appropriated \$27.0 million to support the program in FY 2014-15, and the General Assembly has provided that amount in each subsequent year. The program is created outside of the English Language Proficiency Program categorical program but distributes funds on a per pupil basis using the same calculation as the reenacted categorical program:

- 75 percent (\$20.25 million) for ELLs who do not comprehend or speak English or who comprehend and speak some English, but whose primary language is something other than English. With 65,531 students in this category in FY 2017-18, that equates to \$309.01 per pupil.
- 25 percent (\$6.75 million) for ELLs who comprehend and speak English, but whose proficiency is below acceptable levels. With 6,323 students in this category in FY 2017-18, that amount equates to \$1,067.53 per pupil.

STATUTORY AUTHORITY: Section 22-24-108, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$27.0 million cash funds from the State Education Fund for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request. During the first two years of implementation of additional funding (FY 2014-15 and FY 2015-16), the Department was unable to evaluate the impact of the additional per pupil funding on services provided to ELL students, largely because of the transition in state assessments. The Department also does not collect or track information related to specific expenditures related to this program and cannot directly attribute gains among English language learners to the additional funding and support. However, the Department has seen signs of improvement as measured by English learners' average scores on assessments relative to the statewide student population as a whole. For example, from 2015 to 2017, statewide elementary school students' English language arts assessment scores rose by an average of 2.0 points while English

learners scores increased by 3.9 points over that period. Staff will continue to work with the Department to evaluate the impact of the program going forward.

ADVANCED PLACEMENT INCENTIVES PILOT PROGRAM

The General Assembly added this line item to the FY 2015-16 Long Bill to support the Advanced Placement Incentives Pilot Program created in H.B. 14-1118 (Advanced Placement Incentives Pilot Program). The program is intended to expand access to advanced placement (AP) courses in rural schools, and particularly for low income students. Only school districts that the Department identifies as rural may participate, and the bill caps participation in the pilot program at 475 students. The bill specifies requirements for schools and districts to participate.

The program provides eligible local education providers \$500 per student that completes an AP course and takes the AP exam. Participating schools or districts may use the funds to: (1) implement school-wide or district-wide AP programs; (2) provide professional development to administrators regarding the content required in non-AP classes to help students prepare for success in AP courses; (3) pay AP exam fees for students participating in the federal school lunch program, provided the fees are not paid with other federal grant moneys; and (4) provide teachers and mentors of AP courses with bonus payments of \$50 for each student who completes an AP course and takes the corresponding exam (up to a maximum of \$2,000 per teacher per year).

Under current law, the program repeals at the end of FY 2017-18. As a result, the program is not currently authorized to continue in FY 2018-19.

STATUTORY AUTHORITY: Sections 22-95-101 through 104, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$260,931 cash funds from the State Education Fund and 0.3 FTE for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: As noted above, the current law repeals the program at the end of FY 2017-18. Therefore, staff recommends that the Committee deny the request for continued funding in the Long Bill. The General Assembly is considering legislation (H.B. 18-1193) that would extend the program for an additional three years (through FY 2020-21). That legislation would include the appropriation to continue to support the program in FY 2018-19. Based on the first three years of implementation, the program appears to have successfully incentivized the creation and expansion of advanced placement opportunities. According to the Department, over three years of operation:

- The program awarded incentives to 25 high schools in 22 school districts. The Department received 8,874 requests for incentive payments, while funding allowed for payment of 1,425 incentives (16.1 percent of requests).
- Eight rural or small rural districts initiated *new* advanced placement programs.
- The percentage of students scoring a “3” or higher on A.P. exams in the participating districts increased from 33 percent before implementation to 39 percent.
- Participating school districts experienced a 29 percent increase in the number of students participating in A.P. courses, a 33 percent increase in the number of A.P. exams taken, and a 32 percent increase in A.P. exams passed over the first two years of the program’s operation.

SCHOOL TURNAROUND LEADERS DEVELOPMENT PROGRAM

The General Assembly added this line item to the FY 2015-16 Long Bill to support the School Turnaround Leaders Development Program created in S.B. 14-124 (School Turnaround Leaders Development Program). The program, first funded with \$2.0 million cash funds from the State Education Fund in FY 2014-15, requires the Department to contract with providers of high-quality turnaround leadership development programs and award grants to school districts and charter schools throughout the State to develop school leaders with the skills and competencies required to turn around low-performing schools. Leaders of schools in Turnaround or Priority Improvement status under the statewide accountability system are eligible to participate.

The bill allowed the Department to award planning and program design grants to approved providers during the first three years of implementation; the State Board of Education approved six providers to support the program, five of which have served program participants.²² Over the first three years of the program (FY 2014-15 through FY 2016-17), the State Board approved a total of \$449,537 in planning and design grants to providers. Grants to participants (school leaders) allow the grantees to participate in leadership training provided by one of the approved providers. For FY 2015-16 through FY 2017-18, the program has served a total of 256 participants representing 21 school districts (including the State Charter School Institute).

STATUTORY AUTHORITY: Section 22-13-103, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$2,001,900 cash funds from the State Education Fund and 1.2 FTE for FY 2018-19. The request includes an increase of \$909 to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies. Although it is too early to evaluate the impact of the program on participating schools' accountability ratings, the Department reports promising early results in terms of self-reported implementation of additional leadership practices.

(V) FACILITY SCHOOLS

While most children in Colorado receive public education services through school districts or schools that are authorized by the State Charter School Institute, some children receive their education through schools operated by community-based facilities or state-operated programs.²³ In 2008, the General Assembly modified the method of funding facility schools and certain state programs by:

²² Approved providers include: Catapult School Leadership, Generation Schools Network, Promethean/University of Florida, Relay Graduate School of Education, University of Denver, and University of Virginia. Although the State Board approved Promethean/University of Florida as a provider, no participants attended that program, and the provider has terminated involvement with the School Turnaround Leaders Development Program.

²³ Pursuant to Section 22-54-129 (1) (f), C.R.S., "state programs" include the Colorado School for the Deaf and the Blind and the education programs operated by the Colorado Mental Health Institutes at Pueblo and Fort Logan. Because the State has closed the facility at Fort Logan, the School for the Deaf and the Blind and the Colorado Mental Health Institute at Pueblo are the only remaining state programs.

- Removing pupils educated by facility schools from districts' pupil enrollment counts for purposes of funding.²⁴
- Requiring facility schools and state programs to report information directly to the Department's Facility Schools Unit concerning individual students, including the student's district of residence and the actual number of days of attendance each month.
- Allowing facility schools to bill the Department for statewide average per pupil revenues times 1.33, and allowing facility schools to bill for an additional one-third of per pupil revenue to support Summer school programs. In 2013, the General Assembly modified this provision to provide statewide base per pupil funding times 1.73 in an effort to increase funding for facility schools.

The General Assembly also created a Facility Schools Board to adopt curriculum standards, accountability measures, and graduation requirements for facility schools. This act also created the Facility Schools Unit within the Department of Education charged with:

- Developing and maintaining a list of approved facility schools.
- Making recommendations concerning curriculum standards and graduation standards.
- Maintaining information and records for students who receive educational services from approved facility schools.
- Communicating and collaborating with the Department of Human Services, county departments of social services, and other agencies regarding the placement and transfer of students in facilities.

FACILITY SCHOOLS UNIT AND FACILITY SCHOOLS BOARD

This line item supports the Facility Schools Unit and Board. The Department is authorized to withhold up to 2.0 percent of the amount payable to each approved facility school to cover the costs of the unit and the Board. The reappropriated funds supporting this line item are transferred from the Facility School Funding line item (discussed below).

STATUTORY AUTHORITY: Sections 22-2-401 through 22-2-408, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$277,842 reappropriated funds and 3.0 FTE for FY 2018-19. The request includes an increase of \$4,868 reappropriated funds to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving an appropriation of \$306,641 reappropriated funds and 3.0 FTE to align with the statutory direction that the Department withhold 2.0 percent of the amount payable to each facility school to offset the costs of the Facility Schools Unit and the Facility Schools Board (see Section 22-2-408 (2), C.R.S.). The recommendation includes the following changes from the FY 2017-18 appropriation: (1) an increase of \$29,573 based on the increased estimates of student counts for FY 2018-19 (SI Facility Schools Adjustment, discussed above); and (2) an increase of \$4,094 for this line item associated with decreasing leased space costs for the Facility Schools Unit. The Unit's leased space costs are reflected in the Leased Space line item, and the reduction in leased space costs makes the additional funding available in this line item within the

²⁴ Districts continue to include students who reside in a facility or group home and attend a district school in their October count for purposes of funding. Further, students in "out-of-district" placements who attend public school are included in the pupil count of the district of attendance.

Department's 2.0 percent allocation for administration. The following table shows the recommended change from the FY 2017-18 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, FACILITY SCHOOLS UNIT AND FACILITY SCHOOLS BOARD						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$272,974	\$0	\$0	\$272,974	\$0	3.0
TOTAL	\$272,974	\$0	\$0	\$272,974	\$0	3.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$272,974	\$0	\$0	\$272,974	\$0	3.0
SI Facility schools adjustment	29,573	0	0	29,573	0	0.0
Centrally appropriated line items	4,094	0	0	4,094	0	0.0
TOTAL	\$306,641	\$0	\$0	\$306,641	\$0	3.0
INCREASE/(DECREASE)	\$33,667	\$0	\$0	\$33,667	\$0	0.0
Percentage Change	12.3%	n/a	n/a	12.3%	n/a	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$277,842	\$0	\$0	\$277,842	\$0	3.0
Request Above/(Below)						
Recommendation	(\$28,799)	\$0	\$0	(\$28,799)	\$0	0.0

FACILITY SCHOOLS FUNDING

This line item provides funding for the Department to make payments to facility schools as required by Section 22-54-129, C.R.S. Prior to FY 2013-14, this provision authorized the payment of the state average per pupil revenue times 1.33. Senate Bill 13-260 changed the formula for facility school funding to provide the statewide *base* per pupil funding amount times 1.73; this amount is translated into a daily rate, and each facility school receives a daily rate for each child in attendance for up to 235 days each school year.

STATUTORY AUTHORITY: Section 22-54-129, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$14,508,589 cash funds from the State Education Fund for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: As discussed above (Staff Initiated Facility Schools Funding Adjustment), staff recommends approving an appropriation of \$15,987,271 cash funds from the State Education Fund for this line item for FY 2018-19. The recommendation represents an increase of \$1,478,682 above the FY 2017-18 appropriation (and the Department's request) based on the Department's estimates of facility school student counts for FY 2018-19. There are currently 45 facility schools and two state programs that receive funding through this line item. These programs are allowed to receive reimbursement for each child in attendance for up to 235 days each year. Based on current law (as adjusted by S.B. 15-267), with statewide base per pupil funding at \$6,768.77, these programs will receive up to \$11,709.97 per child per year (\$6,768.77 X 1.73) for FY 2018-19 (or \$49.83 per student per school day). While the Mental Health Institutes and most facility schools provide year-round education programs; the Colorado School for the Deaf and the Blind and a few facility schools do not provide year-round educational programs. The following table provides an estimate of the amount of

funding required for this line item for FY 2018-19, and the portions that will be transferred to other state agencies.

FACILITY SCHOOL FUNDING: FY 2018-19			
DESCRIPTION	FY 2017-18 APPROPRIATION	FY 2018-19 STAFF REC.	CHANGE FROM FY 2017-18 APPROP.
Projected Average Facility Schools FTE	1,256	1,339	83
Multiplied by: Statewide Base Per Pupil Funding for FY 2017-18 X 1.73	\$11,324.93	\$11,709.97	\$385.04
Total Estimated Facility School payments	\$14,224,107	\$15,673,795	\$1,449,688
Plus: Additional Funding (approximately 2.0 percent) to account for placement and attendance fluctuations	284,482	313,476	28,994
Recommendation for Facility School Funding line item	\$14,508,589	\$15,987,271	\$1,478,682
Estimated portion of the above amount transferred to state agencies:			
<i>Department of Education: Colorado School for the Deaf and the Blind</i>	\$1,619,000	\$1,630,525	\$11,525
<i>Department of Human Services: Mental Health Institutes (Pueblo only)</i>	\$153,189	\$136,840	(\$16,349)

As in prior years, the staff recommendation leaves a cushion (representing 2.0 percent of funding) to cover potential increases in the number of students placed in facility schools and school attendance fluctuations. Please note that because the facility school funding formula in Section 22-54-129, C.R.S., now uses statewide *base* per pupil funding as the basis of the formula, total funding for facility schools no longer changes based on adjustments to the school finance formula that do not affect base per pupil funding. Prior to FY 2013-14, if separate legislation changed statewide *average* per pupil funding, facility school funding changed as well. Those adjustments are no longer necessary.

Finally, staff recommends reflecting the following transfers of reappropriated funds to other state agencies that receive funding from this line item for educational programs:

- \$1,630,525 to the Colorado School for the Deaf and the Blind (CSDB), School Operations.
- \$136,840 to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes, for the Mental Health Institute at Pueblo.

The following table shows the recommended change from the FY 2017-18 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, FACILITY SCHOOL FUNDING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$14,508,589	\$0	\$14,508,589	\$0	\$0	0.0
TOTAL	\$14,508,589	\$0	\$14,508,589	\$0	\$0	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$14,508,589	\$0	\$14,508,589	\$0	\$0	0.0
SI Facility schools adjustment	1,478,682	0	1,478,682	0	0	0.0
TOTAL	\$15,987,271	\$0	\$15,987,271	\$0	\$0	0.0
INCREASE/(DECREASE)	\$1,478,682	\$0	\$1,478,682	\$0	\$0	0.0
Percentage Change	10.2%	n/a	10.2%	n/a	n/a	n/a
FY 2018-19 EXECUTIVE REQUEST	\$14,508,589	\$0	\$14,508,589	\$0	\$0	0.0

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, FACILITY SCHOOL FUNDING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Request Above/(Below) Recommendation	(\$1,478,682)	\$0	(\$1,478,682)	\$0	\$0	0.0

(VI) OTHER ASSISTANCE APPROPRIATED SPONSORED PROGRAMS

This line item reflects federal funding anticipated to be received by the Department. This section also provides cash funds spending authority for the Department to receive fees related to conferences, some grant funds, and transfers from other agencies. The vast majority of funds reflected in this section are distributed directly to local school districts, and the balance is utilized by the Department to fund state-wide efforts, to provide technical assistance to school districts, and to cover Department administrative costs. Matching requirements for the federal funds, where required, are generally met by using other Department funds, school district funds, and other “non-state” funds. Thus, no General Fund appropriation is included in this line item.

STATUTORY AUTHORITY: Sections 22-2-117 and 22-30.5-101, C.R.S. Various federal statutes.

REQUEST: The Department requests an appropriation of \$278,363,516 (including \$2,707,816 cash funds, \$1,209,689 reappropriated funds, and \$274,446,011 federal funds) and 68.7 FTE for FY 2018-19. The request includes an increase of \$188,063 to annualize FY 2017-18 salary survey and merit pay appropriations.

RECOMMENDATION: Staff recommends approving the request which is consistent with the Committee’s common policies. The following table shows the estimated components of the FY 2018-19 appropriation for Appropriated Sponsored Programs.

APPROPRIATED SPONSORED PROGRAMS: FY 2018-19 ESTIMATES		
DISTRIBUTION	REQUEST AND STAFF RECOMMENDATION	
	AMOUNT	FTE
<i>Cash Funds:</i>		
Fees charged for workshops, conferences, training programs, and seminars	\$810,000	0.0
Kaiser Foundation	101,000	1.0
Growing Readers Library Grant	205,000	0.0
Friends of CTBL	170,000	
Hewlett Packard Foundation--Standards Based Assmts.	285,000	
Misc. Grants under \$100k	75,868	0.0
Allowance for Additional Grants*	1,055,355	0.0
Subtotal: Cash Funds	\$2,702,223	1.0
<i>Reappropriated Funds:</i>		
Federal Child Care Block Grant Funds transferred from the Department of Human Services	\$1,195,100	6.0
Subtotal: Reappropriated Funds	\$1,195,100	6.0
<i>Federal Funds:</i>		

APPROPRIATED SPONSORED PROGRAMS: FY 2018-19 ESTIMATES		
DISTRIBUTION	REQUEST AND STAFF RECOMMENDATION	
	AMOUNT	FTE
Title I Programs	\$207,397,525	27.7
Title II Programs	29,692,065	10.5
After School Learning Centers	12,502,652	5.0
Charter School Grants	10,026,841	4.0
Adult Education - WIA	7,041,872	8.0
Mathematics and Science Partnerships	2,205,159	1.0
Educate Homeless Children	880,554	1.3
Even Start	557,982	0.1
Project AWARE	1,353,221	2.1
Other	2,808,321	2.0
Subtotal: Federal Funds	\$274,466,193	61.7
Total	\$278,363,516	68.7

SCHOOL COUNSELOR CORPS GRANT PROGRAM

Established in 2008 [Section 22-91-101, *et seq.*, C.R.S.], this competitive grant program provides grants to school districts, boards of cooperative services, and charter schools to increase the availability of effective school-based counseling within middle and secondary schools. The stated goal of the program is to increase the state graduation rate and to increase the percentage of students who appropriately prepare for, apply to, and continue into postsecondary education. Subject to available appropriations, the State Board awards three-year grants based on statutory criteria²⁵. The State Board is required to give priority to schools at which the dropout rate exceeds the statewide average and/or the percentage of students eligible for free and reduced lunch exceed the statewide average. The Department is authorized to expend up to 2.0 percent of moneys annually appropriated for the Program to offset the costs incurred in implementing the program. This program is subject to available appropriations.

The General Assembly appropriated \$5.0 million cash funds from the State Education Fund annually for the first four years of the program's operation (FY 2010-11 through FY 2013-14). The General Assembly increased the appropriation by \$3.0 million (to a total of \$8.0 million) cash funds in FY 2014-15 and added \$2.0 million more (to a total of \$10.0 million) in FY 2015-16.

STATUTORY AUTHORITY: Section 22-91-101, *et seq.*, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$10,002,802 cash funds from the State Education Fund for FY 2018-19. The request includes an increase of \$2,802 to annualize FY 2017-18 salary survey and merit pay.

²⁵ These criteria include: the school's dropout rate, the percentage of students eligible for free or reduced price lunch, the percentage of students who graduate and enroll in postsecondary education within two years after graduating high school, whether the applicant has adopted or has committed to adopt national standards for school counselor responsibilities, and the likelihood that the recipient will continue to fund the increased level of school counseling services following the expiration of the grant.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies. The Department made significant changes to the program for FY 2013-14, including: (1) providing limited funding for the first year of the grant to support planning; (2) requiring reporting at the end of the planning year and using that reporting to determine whether to continue funding; (3) eliminating repeat funding for individual schools; and (4) increasing annual reporting and accountability required of grant recipients. Staff continues to support the Department's changes to the program and believes the additional reporting information and oversight by the Department will allow for a more informed evaluation of the program in future years. Staff also notes that the program has been recognized nationally as a best practice by the Reach Higher Initiative.

BOCES FUNDING PER SECTION 22-5-122, C.R.S.

The General Assembly created this program with an initial appropriation of \$1.3 million cash funds from the State Education Fund in H.B. 12-1345 to assist BOCES in working with partner districts to implement and meet the state's educational priorities. With the enactment of H.B. 14-1298 (School Finance), the General Assembly increased the appropriation by \$2.0 million (to a total of \$3.3 million) in FY 2014-15 and has maintained that level in subsequent years. The Department reports using funds to support the implementation of: educator effectiveness; accountability and improvement planning; standards and assessments; and early literacy efforts under H.B. 12-1238.

STATUTORY AUTHORITY: Section 25-2-122, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$3,310,782 cash funds from the State Education Fund and 1.0 FTE for FY 2018-19. The request includes an increase of \$2,527 above the FY 2017-18 appropriation to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request.

CONTINGENCY RESERVE FUND

The Contingency Reserve Fund, created in Section 22-54-117 (1) (a), C.R.S., provides a fund source for the State Board of Education to assist school districts facing specific circumstances. Section 22-54-117 (1), C.R.S., authorizes the State Board to approve payments from the Contingency Reserve Fund to assist school districts under the following circumstances:

- (a) (I): financial emergencies caused by an act of God or arising from extraordinary problems in the collection of taxes;
- (a) (II): financial emergencies caused by nonpayment of property taxes;
- (a) (III): revenues are insufficient to make abatements and refunds of property taxes;
- (a) (IV): unforeseen contingencies (e.g., reductions in valuation exceeding 20 percent);
- (a) (V): unusual financial burden caused by the instruction of court-ordered or agency-placed non-resident children;
- (a) (VI): unusual financial burden caused by the instruction of children who move into the district following the pupil count date (applies to small districts only);
- (a) (VII): unusual financial burden caused by a significant enrollment decline pursuant to a reorganization;

- (a) (VIII): beginning in FY 2016-17, unusual financial burden caused by a significant reduction in assessed value within a district whose state share of total program prior to the application of the negative factor was less than 0.5 percent of total program funding in the previous budget year and the reduction in assessed value is causing a negative factor reduction in the budget year; and
- (b): in cases of extreme emergency, other factors that affect the ability of the district to maintain its schools without additional financial assistance.

Section 22-54-117 (1) (a), C.R.S., indicates that, "In deciding the amount to be appropriated to the contingency reserve, the general assembly may take into consideration any recommendations made by the department of education, but nothing in this section shall be construed to obligate the general assembly to provide supplemental assistance to all districts determined to be in need or fully fund the total amount of such need."

Please note that pursuant to Section 22-54-117 (1) (c), C.R.S., when a school district reimburses the State for supplemental assistance received from the Contingency Reserve, the reimbursement is credited to the Contingency Reserve Fund rather than the General Fund. Thus, these repayments may then be made available to meet other districts' needs.

STATUTORY AUTHORITY: Section 22-54-117, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$2.0 million total funds, including \$1.0 million General Fund and \$1.0 million reappropriated funds from the Contingency Reserve Fund, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends an appropriation of \$1.0 million cash funds from the Contingency Reserve Fund. The FY 2017-18 appropriation provides \$1.0 million General Fund to replenish the balance of the fund following use of the balance in FY 2016-17. The Department does not anticipate use of the fund in the current year and projects an end-of-year balance of \$1.0 million at the end of FY 2017-18 which will be available for appropriation in FY 2018-19. As a result, additional General Fund does not appear to be necessary in FY 2018-19. The recommendation will allow the Department to access the fund balance if needed in FY 2018-19. The following table shows the recommended change from the FY 2017-18 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, CONTINGENCY RESERVE FUND						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$2,000,000	\$1,000,000	\$0	\$1,000,000	\$0	0.0
TOTAL	\$2,000,000	\$1,000,000	\$0	\$1,000,000	\$0	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$2,000,000	\$1,000,000	\$0	\$1,000,000	\$0	0.0
Annualize prior year budget actions	(1,000,000)	(1,000,000)	1,000,000	(1,000,000)	0	0.0
TOTAL	\$1,000,000	\$0	\$1,000,000	\$0	\$0	0.0
INCREASE/(DECREASE)	(\$1,000,000)	(\$1,000,000)	\$1,000,000	(\$1,000,000)	\$0	0.0
Percentage Change	(50.0%)	(100.0%)	0.0%	(100.0%)	0.0%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$2,000,000	\$1,000,000	\$0	\$1,000,000	\$0	0.0

Request Above/(Below) Recommendation	\$1,000,000	\$1,000,000	(\$1,000,000)	\$1,000,000	\$0	0.0
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SUPPLEMENTAL ON-LINE EDUCATION SERVICES

Pursuant to H.B. 06-1008 [Section 22-5-119, C.R.S.], this program provides funding to ensure that supplemental on-line courses are affordable for school districts, BOCES, and charter schools. This line item provides funding to the Colorado River BOCES (formerly part of the Mountain BOCES) to contract with a supplemental on-line course provider to offer on-line courses at a cost of no more than \$200 per student per semester course. This is subject to available appropriations. The source of funding is federal mineral lease revenues that are credited to the State Public School Fund.

For FY 2007-08 through FY 2015-16, the General Assembly annually appropriated \$480,000 cash funds for this purpose. The enactment of H.B. 16-1222 (Supplemental Online and Blended Learning Resources) increased the appropriation to \$960,000 in FY 2016-17. The General Assembly increased the appropriation to \$1,020,000 for FY 2017-18. The Colorado River BOCES is now contracting with two providers, Colorado Digital Learning Solutions (providing courses) and the iLearn Collaborative (providing professional development consulting services to improve school districts' use of on-line and blended learning opportunities), to operate the program. The current contract is valid through June 30, 2019.

The Colorado River BOCES reports dramatic increases in enrollment since 2015, with course enrollments increasing from 432 courses in FY 2015-16 to 1,858 courses in FY 2017-18. Similarly, the number of different *students* using the courses has increased from 296 unique students in FY 2015-16 to 1,455 students in FY 2017-18. Since 2015, Colorado Digital Learning Solutions has registered students from 88 different school districts (72 percent small rural, 17 percent rural, and 11 percent urban). The BOCES reports that 73 school districts have students enrolled in FY 2017-18.

STATUTORY AUTHORITY: Section 22-5-119, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,020,000 cash funds from the State Public School Fund for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies. Federal mineral lease revenues (which are deposited into the State Public School Fund) that are not appropriated for this purpose could instead be appropriated for the State Share of Districts' Total Program Funding, thereby mitigating any reduction to school districts' total program funding. However, staff sees this program model as a cost-effective way to ensure that schools – particularly rural school districts – are able to purchase on-line courses to supplement their course offerings and help students comply with higher education admission guidelines. While staff is aware of concerns with the previous operations of the program, the change in providers and an increasing level of oversight by the Colorado River BOCES appears to be producing promising results.

INTERSTATE COMPACT ON EDUCATIONAL OPPORTUNITY FOR MILITARY CHILDREN

Through H.B. 08-1317 [see Sections 22-90-101 and 24-60-3401, C.R.S.], the General Assembly approved and ratified and authorized the Governor to enter into the Interstate Compact on Educational Opportunity for Military Children on behalf of the State. This compact was developed

by the Council of State Governments. The Military Interstate Children's Compact Commission (MIC3) is a separate, non-profit entity based in Lexington, Kentucky. All 50 states have now adopted the Compact. Member states agree, as part of the Compact, to pay an annual assessment to cover the cost of the operations and activities of the Commission.

The Compact is intended to remove barriers to educational success children of military families experience due to either frequent moves and/or the deployment of their parents. The Compact provides for uniform treatment of military children transferring between school districts and states. Specifically, the Compact addresses the following issues facing children of active duty service members, of members who die on active duty, and of veterans:

- *Enrollment* - educational records, immunizations, and kindergarten and 1st grade entrance age
- *Placement and Attendance* - course and educational program placement, special education services, placement flexibility, and absence related to deployment activities
- *Eligibility* - eligibility for student enrollment and extracurricular activities
- *Graduation* - waiving course requirements if similar courseware has been completed; flexibility in accepting state exit and end-of-course exams, national achievement tests, or alternative testing in lieu of graduation testing requirements; and allowing a student to receive a diploma from a sending school district

STATUTORY AUTHORITY: Sections 22-90-101 and 24-60-3401, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$20,619 cash funds from the State Education Fund for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Based on updated information from the staff with the Interstate Compact, staff recommends approving an appropriation of \$19,182 cash funds from the State Education Fund for FY 2018-19, a reduction of \$1,437 below the FY 2017-18 appropriation. The recommendation reflects Colorado's dues for FY 2018-19. The following table shows the recommended change from the FY 2017-18 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, INTERSTATE COMPACT ON EDUCATIONAL OPPORTUNITY FOR MILITARY CHILDREN						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$20,619	\$0	\$20,619	\$0	\$0	0.0
TOTAL	\$20,619	\$0	\$20,619	\$0	\$0	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$20,619	\$0	\$20,619	\$0	\$0	0.0
Interstate compact adjustment	(1,437)	0	(1,437)	0	0	0.0
TOTAL	\$19,182	\$0	\$19,182	\$0	\$0	0.0
INCREASE/(DECREASE)	(\$1,437)	\$0	(\$1,437)	\$0	\$0	0.0
Percentage Change	(7.0%)	n/a	(7.0%)	n/a	n/a	n/a
FY 2018-19 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$1,437	\$0	\$1,437	\$0	\$0	0.0

COLLEGE AND CAREER READINESS

The General Assembly added this line item to the FY 2014-15 Long Bill to provide additional technical assistance associated with college and career readiness reforms. Specifically, the Department requested of the creation of the line item to increase assistance related to individual career and academic plans (ICAPs), new statewide graduation guidelines, concurrent enrollment programs, and the implementation of school and district innovation status.

STATUTORY AUTHORITY: Section 22-2-136, C.R.S.

REQUEST: The Department requests an appropriation of \$187,029 General Fund and 2.0 FTE for FY 2018-19. The request includes an increase of \$5,884 above the FY 2017-18 appropriation to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies.

COLORADO STUDENT LEADERS INSTITUTE

Senate Bill 15-290 (Colorado Student Leaders Institute) creates the Colorado Student Leaders Institute, a competitive summer residential education program for high school students. The program will operate for four weeks each summer on the campus of an institution of higher education for FY 2015-16 through FY 2018-19. The bill creates an executive governing board for the institute, sets conditions for the board's composition and selection and sets minimum standards for program curriculum and activities. The bill limits participation to 100 students annually. The bill authorizes appropriations from the State Education Fund to support the program. The bill appropriated \$218,825 cash funds from the State Education Fund to the Department of Education for FY 2015-16 and reappropriated that amount to the Office of the Lieutenant Governor (along with 1.0 FTE) to operate the program. The General Assembly continued that level of funding in Long Bill appropriations for FY 2016-17 and FY 2017-18.

STATUTORY AUTHORITY: Section 22-44.3-103, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$218,825 cash funds from the State Education Fund (to be reappropriated to the Office of the Lieutenant Governor) for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request based on the requirement in S.B. 15-290 to support the program through FY 2018-19. Based on current law, FY 2018-19 will be the final year of the program.

CAREER DEVELOPMENT SUCCESS PILOT PROGRAM

The Committee added this line item to the FY 2017-18 Long Bill to support the Career Development Success Pilot Program created in H.B. 16-1289 (Incentives to Complete Career Development Courses). The bill establishes the program on a pilot basis, for FY 2017-18 and FY 2018-19, to provide

financial incentives for participating school districts and charter schools to encourage high school students to enroll in and successfully complete qualified industry certificate programs, internship or pre-apprenticeship programs, and advanced placement courses. Beginning in FY 2017-18, the bill authorizes participating districts and charter schools to receive up to \$1,000 for each pupil who, in the preceding fiscal year, successfully completed a qualified program. The bill requires the General Assembly to appropriate \$1.0 million annually for incentive payments in FY 2017-18 and FY 2018-19.

STATUTORY AUTHORITY: Section 22-54-138, C.R.S.

REQUEST: The Department requests an appropriation of \$2.0 million General Fund for FY 2018-19, including an increase of \$1.0 million associated with request R7 (Career Development Success Pilot Increase, discussed above).

RECOMMENDATION: As discussed above with request R7, staff recommends approving the request, including the increase of \$1.0 million General Fund for FY 2018-19. The program has shown promising results in the first year of implementation.

(D) INDIRECT COST ASSESSMENT

INDIRECT COST ASSESSMENT

This line item reflects indirect cost assessments for the various subdivisions and line items in the Assistance to Public Schools division. The Department uses the funds collected to offset General Fund that would otherwise be required in the Management and Administration division for General Department and Program Administration and a variety of centrally appropriated line items.

STATUTORY AUTHORITY: Section 24-31-101 and 102, C.R.S.

REQUEST: The Department requests an appropriation of \$2,650,303 total funds, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Based on updated information provided by the Department, staff recommends approving an appropriation of \$3,249,636 total funds. However, staff also requests permission to revise the amount if necessary based on the Committee's subsequent common policy decisions.

(3) LIBRARY PROGRAMS

Background Information: Public libraries are managed and operated locally based on revenues raised from local sources.²⁶ The State provides no direct state funding to libraries other than those provided

²⁶ Publicly supported libraries include public, school, and academic libraries. The Department indicates that Colorado has 112 public library jurisdictions with 261 public library buildings. The jurisdictions include two rural bookmobile services classified as separate jurisdictions. Local libraries are funded through property, sales, and specific ownership tax revenues, as well as grants, donations, and fine revenues, though at least 25 libraries have enacted policies that eliminate fines on all or some materials. Most public library jurisdictions serve rural populations, with 84 percent (94 jurisdictions) serving populations under 50,000, and 46 percent (52

through the State Grants to Publicly-Supported Libraries program and has no authority over public library operations. However, the Commissioner of Education is designated as the ex officio State Librarian, and the State Library is a division within the Department of Education. The State Librarian has a number of statutory duties and responsibilities, including the following [see Section 24-90-105, C.R.S.]:

- to promote and coordinate the sharing of resources and cooperative relationships among all Colorado libraries to reduce costs at the local level;
- to ensure equal access to information for all Coloradans;
- to furnish library or information services to state officials, departments, institutional libraries, and persons who are blind and physically disabled;
- to further library development and to promulgate service standards for school, public, and institutional libraries; and
- to receive and administer federal funds for libraries.

The State Library provides technical support, professional development, and resource sharing opportunities for publicly-supported libraries throughout the state. The State Library cooperatively manages the Colorado Virtual Library, a statewide, Internet-based library network that provides several services to Colorado residents, including:

- a statewide interlibrary loan system;
- Colorado Online Libraries - a web hosting services that allows small libraries to have a web presence;
- Colorado Historic Newspaper Collection; and
- development of digital infrastructure for improved access to state and local digitized materials and other electronic resources.

The State Library also provides development services for public libraries, school libraries, and institutional libraries in adult and youth correctional facilities and state veterans hospitals. Services to public and school libraries include support of early literacy activities and summer reading programs. The State Library also operates the State Publications Library (which provides free access to state government documents) and the Colorado Talking Book Library (which provides free materials to individuals who are unable to read standard print material). Finally, the State Library provides research and statistical information to support policy-making, budgeting, planning, and evaluation activities for libraries and library agencies at the local, regional, state, and federal levels.

The following table summarizes the staff recommendation for the Library Programs division.

jurisdictions) serving fewer than 5,000 people. In addition to the typical items checked out, Colorado's libraries provide a variety of additional services, including: summer reading programs for children (99 percent); general computer skills training (83 percent); free Wi-Fi access (96 percent); and an educational backpack for families with free state parks passes for checkout (100 percent participation), a joint program with Colorado Parks and Wildlife.

LIBRARY PROGRAMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 Appropriation						
SB 17-254 (Long Bill)	\$8,602,274	\$4,824,022	\$273,860	\$360,000	\$3,144,392	38.1
HB 18-1159 (Supplemental Bill)	350,000	0	0	350,000	0	0.0
TOTAL	\$8,952,274	\$4,824,022	\$273,860	\$710,000	\$3,144,392	38.1
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$8,952,274	\$4,824,022	\$273,860	\$710,000	\$3,144,392	38.1
Annualize prior year budget actions	79,053	40,191	1,436	0	37,426	0.0
Annualize FY 2017-18 supplemental	(200,000)	0	0	(200,000)	0	0.0
TOTAL	\$8,831,327	\$4,864,213	\$275,296	\$510,000	\$3,181,818	38.1
INCREASE/(DECREASE)	(\$120,947)	\$40,191	\$1,436	(\$200,000)	\$37,426	0.0
Percentage Change	(1.4%)	0.8%	0.5%	(28.2%)	1.2%	0.0%
FY 2018-19 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	(\$150,000)	\$0	\$0	(\$150,000)	\$0	0.0

DECISION ITEMS - LIBRARY PROGRAMS (NONE)

The Department did not submit any decision items for this division.

LINE ITEM DETAIL - LIBRARY PROGRAMS

ADMINISTRATION

This line item provides state funding and staff for the general administration of library programs and the provision of library services.

STATUTORY AUTHORITY: Section 24-90-105, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,117,534 total funds (including \$862,238 General Fund and \$255,296 cash funds) and 14.3 FTE for FY 2018-19. The request includes an increase of \$40,108 above the FY 2017-18 appropriation to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies for FY 2018-19. The State Library effectively uses a relatively small amount of state funding to leverage federal funding, reduce public library costs, and ensure equal access to information for underserved and vulnerable populations.

FEDERAL LIBRARY FUNDING

This line item reflects federal funding that is anticipated to be available for library programs, and the Department staff who are supported by such funds. The federal funds supporting this line item are shown in the Long Bill for informational purposes only.

STATUTORY AUTHORITY: 22 U.S.C. 72

REQUEST: The Department requests a continuation appropriation of \$3,126,491 federal funds and 23.8 FTE. The request includes an increase of \$37,426 above the FY 2017-18 appropriation to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request. As noted above, the appropriation is reflected in the Long Bill for informational purposes only.

COLORADO LIBRARY CONSORTIUM

The Colorado Library Consortium is a statewide library cooperative that was formed as a successor to the seven regional library systems that existed prior to significant state funding reductions in 2003.²⁷ The Consortium supports publicly-funded libraries statewide by:

- Expediting the discovery, selection, and delivery of information and materials to library patrons (including courier services).
- Administering a cooperative purchasing program (negotiating significant discounts on books and other library materials).
- Providing and supporting learning opportunities for ongoing professional development to improve library services.
- Identifying and supporting initiatives to strengthen the Colorado library community.

The Consortium's \$2.6 million budget in FY 2016-17 consists of state funding provided through this line item (\$1.0 million General Fund annually since FY 2006-07), courier income (\$753,000), AspenCat integrated library system fees (\$162,000), administrative fees (\$37,000), book recycling (\$30,000), continuing education fees (\$23,775), and other miscellaneous sources such as grants and cooperative projects (\$334,000). The number of materials transported on the statewide courier system has increased more than 58 percent since 2010, to nearly 3 million items annually. Participation in the union AspenCat catalog, serving primarily small, rural public and school libraries, has grown 189 percent since 2013, to more than 110 libraries, with more than 1.4 million items in the shared collection. Consortium staff provide schools, public, and academic libraries statewide with consulting, training, and continuing education.

STATUTORY AUTHORITY: Section 24-90-105, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1.0 million General Fund, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request. This appropriation ensures that the Consortium can offer public libraries a cooperative purchasing program and a statewide courier service at a reasonable cost, reducing public library expenses and facilitating resource sharing.

²⁷ The FY 2002-03 Long Bill included \$7.5 million General Fund support for library programs (other than state staff). The Governor vetoed appropriations totaling \$4.5 million, and these appropriations were further reduced in FY 2003-04 to \$359,796.

COLORADO VIRTUAL LIBRARY

Pursuant to Section 24-90-302 et seq., C.R.S., the State Librarian is responsible for providing electronic resources through libraries to all Colorado residents, to students and staff at higher education institutions and public schools. The Colorado Virtual Library is thus a statewide, Internet-based library network that provides free access to:

- on-line catalogs of the holdings of Colorado libraries;
- locally produced databases;
- digitized collections of Colorado resources;
- indexes and full text database products;
- an interlibrary loan system facilitating resource sharing throughout Colorado; and
- other services associated with providing computer-based library resources.

The Colorado Virtual Library is managed cooperatively by the State's library community, including the Department of Education. This line item provides funding for ongoing operations, including contract technical staff for operations and programming, contract training and user support, annual hardware and software maintenance fees, leased space, database archiving services, backup tapes, and Internet connectivity.

STATUTORY AUTHORITY: Section 24-90-302, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$379,796 total funds (including \$359,796 General Fund) for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request.

COLORADO TALKING BOOK LIBRARY, BUILDING MAINTENANCE, AND UTILITY EXPENSES

Background Information: The Colorado Talking Book Library is part of a national library program providing Braille, audio, and large-print books for individuals of all ages who are unable to read standard print material due to visual, physical, or learning disabilities. Colorado has, on average, 7,000 eligible patron each year, representing every county in the State. The Colorado Talking Book Library is one of the original 19 libraries established pursuant to the federal Pratt Smoot Act in 1931. The library's recorded materials and playback machines are provided by the Library of Congress; this collection is enhanced by recordings of local materials narrated by volunteers and library staff. Since 1991, the library has been located at 180 Sheridan Boulevard in Denver. The building was purchased after the General Assembly appropriated \$750,000 from the Capital Construction Fund for FY 1989-90 (H.B. 90-1297). In FY 1997-98 the General Assembly appropriated \$238,607 from the Capital Construction Fund to replace the roof of the building.

The Library operates in a cost-effective manner. State funds currently support a portion of the operating expenses and some staff, the balance is supported through federal funds, The Friends of the Colorado Talking Book Library, and volunteers. In addition, the National Library for the Blind

and Physically Handicapped (NLS), within the Library of Congress, provides playback equipment and some supplies, Braille and recorded books and magazines which are circulated to visually and reading impaired clients of the Colorado Talking Book Library. The existing inventory of materials and equipment provided by NLS is valued at over \$6.4 million. Finally, the U.S. Postal Service has a line item in the federal budget for the mail service of materials sent to and returned from Library patrons.

In addition to supporting a portion of the Talking Book Library staff and operating expenses (through the Administration line item), this appropriation covers the library's maintenance and utility expenses.

STATUTORY AUTHORITY: Section 24-90-105 (1) (e), C.R.S.

REQUEST: The Department requests a continuation appropriation of \$90,660 General Fund for FY 2018-19, with no change from the FY 2017-18 appropriation. (The General Assembly increased the appropriation for this line item by \$20,000 General Fund in FY 2016-17.)

RECOMMENDATION: Staff recommends approving the request. The Talking Book Library provides essential services for the blind and visually impaired, at relatively little cost to the State.

READING SERVICES FOR THE BLIND

Background Information: Pursuant to Sections 40-17-103 and 104, C.R.S., the Public Utilities Commission (PUC) is required to administer a contract for the provision of telecommunications relay services (which allow individuals who have a hearing or speech disability to communicate by wire or radio). The PUC is required to recover the costs of providing these services by assessing a monthly surcharge on each telephone access line to cover the following costs:

- the PUC's costs of developing, implementing, and administering telecommunications relay services (not to exceed 3.0 percent of the total costs);
- the cost to local exchange companies of imposing and collecting the surcharge; and
- the costs of providers rendering telecommunications relay services.

The PUC adjusts this surcharge annually, when necessary. Current law credits funds collected by the local exchange companies to the Colorado Disabled Telephone Users Fund and authorizes three different departments to use the funds. Specifically, statute requires the General Assembly to make the following annual appropriations from the Fund (FY 2017-18 Long Bill appropriations to the Department of Regulatory Agencies are noted):

- for the PUC's administration of the Fund (\$68,565);
- to the Reading Services for the Blind Cash Fund, for use by the State Librarian in support of privately operated reading services for the blind (\$710,000, including an increase of \$350,000 included in H.B. 18-1166, the Department of Regulatory Agencies' supplemental bill); and
- to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund (\$1,292,589).

The annual Long Bill appropriates cash funds for each of these purposes to the PUC, and corresponding appropriations appear in the other relevant state agencies' budgets. Money in the Fund not used for the above purposes is continuously appropriated to the PUC for the reimbursement of

providers who render telecommunications services (estimated to be \$1,300,542 in the FY 2017-18 Long Bill).

This line item authorizes the Department of Education to spend money in the Reading Services for the Blind Cash Fund for the provision of reading services for the blind. The Department annually uses the funds to support two different external programs:

- The Department spends a portion of the funds to contract with Audio Information Network of Colorado (AINC) to provide an on-the-air volunteer reading service for the blind, visually impaired, and print-handicapped citizens of Colorado. The services provided by AINC are also made available through the internet, telephone, and podcasts. The General Assembly has increased funding for the AINC program several times in recent years, from \$200,000 in FY 2011-12 to \$350,000 in FY 2015-16 (and continued in FY 2016-17). An FY 2017-18 supplemental adjustment provided an additional \$290,000 for the AINC (including \$200,000 in one-time funding and \$90,000 as an ongoing increase), for an ongoing amount of \$440,000 in FY 2018-19 and subsequent years.
- The Department uses the remaining funds to purchase services from the National Federation for the Blind (NFB) for its Newsline service, which provides eligible Coloradans access to newspapers nationwide and a few magazines via touch tone telephone, internet, and by email. Newsline services now include television listings (based on an individual's zip code); the NFB indicates that this additional service has increased use of their Newsline service nationwide significantly. Anyone who is a patron of the Colorado Talking Book Library (CTBL) is eligible to access Newsline services. The CTBL is able to sign patrons up for the Newsline service through their existing database. The FY 2017-18 supplemental adjustment added \$60,000 in ongoing funding to the NFB programs (for a total appropriation of \$120,000 in FY 2017-18 and subsequent years).

STATUTORY AUTHORITY: Section 24-90-105.5, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$410,000 total funds (including \$50,000 General Fund and \$360,000 cash funds) for FY 2018-19, with no change from the *original* FY 2017-18 appropriation.

RECOMMENDATION: In alignment with the amounts the Committee approved during figure setting for the Department of Regulatory Agencies, staff recommends approving an appropriation of \$560,000 total funds, including \$50,000 General Fund and \$510,000 cash funds from the Reading Services for the Blind Cash Fund. The total appropriation includes \$440,000 for the AINC and \$120,000 for the NFB programs. The following table shows the recommended change from the FY 2017-18 appropriation.

LIBRARY PROGRAMS, READING SERVICES FOR THE BLIND						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$410,000	\$50,000	\$0	\$360,000	\$0	0.0
HB 18-1159 (Supplemental Bill)	\$350,000	\$0	\$0	\$350,000	\$0	0.0
TOTAL	\$760,000	\$50,000	\$0	\$710,000	\$0	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$760,000	\$50,000	\$0	\$710,000	\$0	0.0
Annualize FY 2017-18 supplemental	(200,000)	0	0	(200,000)	0	0.0

LIBRARY PROGRAMS, READING SERVICES FOR THE BLIND						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
TOTAL	\$560,000	\$50,000	\$0	\$510,000	\$0	0.0
INCREASE/(DECREASE)	(\$200,000)	\$0	\$0	(\$200,000)	\$0	0.0
Percentage Change	(26.3%)	0.0%	n/a	(28.2%)	n/a	n/a
FY 2018-19 EXECUTIVE REQUEST	\$410,000	\$50,000	\$0	\$360,000	\$0	0.0
Request Above/(Below) Recommendation	(\$150,000)	\$0	\$0	(\$150,000)	\$0	0.0

STATE GRANTS TO PUBLICLY-SUPPORTED LIBRARIES PROGRAM

Senate Bill 00-085 created the State Grants to Publicly-Supported Libraries Program to provide funds to enable public libraries, school libraries, and academic libraries to purchase educational resources that they would otherwise be unable to afford. The bill created the State Grants to Publicly-Supported Libraries Fund, which consists of any moneys appropriated by the General Assembly and any other moneys collected by the State Librarian for such purpose. Statute (Section 24-90-407 (2), C.R.S.) allows the Department to spend up to 2.5 percent of the appropriation to administer the program. Because of the structure in statute, the appropriation historically consisted of two line items: one to appropriate General Fund into the cash fund and one providing spending authority from the cash fund. The enactment of S.B. 15-108 (Direct Appropriations for CDE Programs) eliminated the dual appropriation structure for this program, allowing for a direct appropriation from the General Fund to support the program.

The program first operated for FY 2000-01 and FY 2001-02. The Governor vetoed the appropriations to the program for FY 2002-03, and the program remained unfunded from FY 2002-13 through FY 2012-13. The General Assembly reinstated the program for FY 2013-14 with an appropriation of \$2.0 million General Fund to the State Grants to Publicly-Supported Libraries Fund line item and \$2.0 million reappropriated funds for the State Grants to Publicly-Supported Libraries Program line item. In FY 2015-16, the General Assembly appropriated an additional \$500,000 General Fund, for a total appropriation of \$2.5 million. Since FY 2014-15, the Long Bill has included a footnote indicating the General Assembly's intent that the funds be used to support efforts to improve early literacy.

The program has awarded \$2,462,000 to 316 grantees statewide (representing 97.5 percent of 324 potential applicants) in FY 2017-18, with a base amount of \$3,500 per grantee. In FY 2017-18, the Department has implemented a tiered structure, providing base amounts of \$3,500 for grantees serving populations of less than 1,000 individuals, \$4,000 for entities serving populations between 1,000 and 4,999, and \$4,500 for those serving 5,000 or more (with increases on a per capita basis for those serving populations of more than 10,000). The Department has used the additional \$500,000 provided in FY 2015-16 to increase the base amount for every grant recipient.

The Department reports that grantees are using the funds to: launch new e-book resources for parents and families, create new collections for toddler story time, buy online resources, and enhance collections related to early childhood development and other topics associated with early literacy and educational materials.

STATUTORY AUTHORITY: Sections 24-90-401 through 408, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$2,500,000 General Fund for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request based on the assumption that the General Assembly intends to continue to support the program.

INDIRECT COST ASSESSMENT

This line item reflects indirect cost assessments associated with Library Programs. The Department uses the funds collected to offset General Fund that would otherwise be required in the Management and Administration division for General Department and Program Administration and a variety of centrally appropriated line items.

STATUTORY AUTHORITY: Section 24-31-101 and 102, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$55,327 federal funds, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request. The indirect cost assessment for Library Programs is fixed based on the federal grantor's limitation on the amount of grant funding used for administration purposes. Thus, there will be no change from the FY 2017-18 appropriation.

(4) SCHOOL FOR THE DEAF AND THE BLIND

Background Information: The Colorado School for the Deaf and the Blind (CSDB) is a state-funded school that was established for the purpose of providing comprehensive educational services for children under the age of twenty-two who are blind and/or deaf. Originally named the "Colorado Institute for the Education of Mutes", the School opened in a rented house in April 1874 with an appropriation from the Territorial Legislature. The student population rapidly outgrew the space available and in 1876 the School moved to its current campus, made possible with a donation of ten acres by the founder of the city of Colorado Springs. The CSDB received its initial accreditation from the Department of Education in 1961, and in 1977, the CSDB was transferred from the Department of Institutions to the Department of Education. As a "Type 1" agency within the Department of Education, the CSDB is overseen by a seven-member board appointed by the Governor and confirmed by the Senate.

The CSDB currently occupies 18 buildings on 37 acres. Colorado students from the ages of birth through twenty-one are eligible to receive services either at or through the CSDB. Students enrolled at CSDB must have a documented hearing and/or vision loss and meet the enrollment criteria established by the Board of Trustees. Students may also be enrolled on a diagnostic basis in order to make an accurate determination of the student's eligibility status. A staffing team, including a CSDB staff member, the student's parents, and a local school district representative, determines if the CSDB is the appropriate learning environment based on the educational needs of the student. If a student's parents or legal guardians reside within Colorado and outside the El Paso County area, the student is eligible to participate in the residential living program during the week. There is no tuition for room

and board. Out-of-state students are considered on a space available basis and are required to pay tuition.

In addition, pursuant to Section 22-80-102 (2), C.R.S., the CSDB is to "be a resource to school districts, state institutions, and other approved education programs." In this capacity, the CSDB is to provide the following services:

- Assessment and identification of educational needs;
- Special curricula;
- Equipment and materials;
- Supplemental related services;
- Special short-term programs;
- Program planning and staff development;
- Programs for parents, families, and the public; and
- Research and development to promote improved educational programs and services.

Enrollment. As summarized in the table below, the CSDB had an on-campus enrollment of 206 students (ages 3 to 21) in the 2016-17 school year, an increase of 7 students from the 2015-16 school year. The on-campus enrollment included 138 deaf/hard of hearing students and 68 blind/visually impaired students. Of the 206 total students, 78 resided at CSDB (returning home on weekends) and the remaining 128 students only attended classes during the day.

COLORADO SCHOOL FOR THE DEAF AND THE BLIND: FY 2016-17 ENROLLMENT		
DESCRIPTION	ON-CAMPUS STUDENTS	
	NUMBER	ANNUAL % CHANGE
Deaf/ Hearing Impaired	138	-2.1%
Blind/ Visually Impaired	68	17.2%
Total Enrollment	206	3.5%
Number of Residential Students	78	0.0%
Number of FTE for Whom Facility School Funding is Received	176	-9.7%
Percent of FTE for Whom Per Pupil Operating Revenues are Transferred from Districts	85.4%	

In addition to the on-campus enrollment, the school provided in-home services to 339 children from birth to age 3 (and their families) through the early intervention (CO-Hears) program and 99 children from birth to age 8 through the Early Literacy Development Initiative (ELDI). The school also provided "outreach" services to 79 school-age students being served in local districts, supported in part by fees paid by the local school districts.

The following table summarizes the staff recommendation for the Colorado School for the Deaf and the Blind.

SCHOOL FOR THE DEAF AND THE BLIND						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 Appropriation						
SB 17-254 (Long Bill)	\$16,278,901	\$11,504,226	\$1,075,000	\$3,699,675	\$0	180.2
TOTAL	\$16,278,901	\$11,504,226	\$1,075,000	\$3,699,675	\$0	180.2

SCHOOL FOR THE DEAF AND THE BLIND						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$16,278,901	\$11,504,226	\$1,075,000	\$3,699,675	\$0	180.2
R5 CSDB teacher salary increase	87,666	87,666	0	0	0	0.0
Annualize prior year budget actions	111,036	103,866	1,463	5,707	0	0.0
Centrally appropriated line items	5,868	5,868	0	0	0	0.0
Non-prioritized items	6,968	6,968	0	0	0	0.0
Fund source adjustments	0	(11,425)	0	11,425	0	0.0
TOTAL	\$16,490,439	\$11,697,169	\$1,076,463	\$3,716,807	\$0	180.2
INCREASE/(DECREASE)	\$211,538	\$192,943	\$1,463	\$17,132	\$0	0.0
Percentage Change	1.3%	1.7%	0.1%	0.5%	n/a	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$16,490,439	\$11,708,594	\$1,076,463	\$3,705,382	\$0	180.2
Request Above/(Below) Recommendation	\$0	\$11,425	\$0	(\$11,425)	\$0	0.0

DECISION ITEMS - SCHOOL FOR THE DEAF AND THE BLIND

→ R5 CSDB TEACHER SALARY INCREASE

REQUEST: The Department requests an increase of \$87,666 General Fund for salary increases for teachers employed at the Colorado School for the Deaf and the Blind (CSDB). Statute (Sec. 22-80-106.5, C.R.S.) requires the CSDB to compensate teachers based on the Colorado Springs District 11 salary schedule, using the CSDB's salary policies to implement the salary schedule. To align with the revised District 11 salary schedule for FY 2017-18 (the CSDB salaries lag District 11 by one year), the total request of \$87,666 includes \$56,806 for experience step increases and \$30,860 for a 1.0 percent one-time (non-recurring) across the board increase.

RECOMMENDATION: Staff recommends approving the request, which aligns with current law requiring the CSDB to provide salary increases in accordance with the District 11 salary schedule.

ANALYSIS: Section 22-80-106.5, C.R.S. (as amended by S.B. 14-168), requires the CSDB to compensate teachers “in accordance with the salary schedule adopted pursuant to section 22-63-401, as of January 1 of the preceding fiscal year by resolution of the board of education of the school district within the boundaries of which the main campus of the school is located and with the salary policies that the board of trustees adopts to implement the salary schedule.” For example, the FY 2017-18 appropriation for the CSDB includes an increase of \$50,070 to support experience step increases in alignment with the District 11 salary schedule *for FY 2016-17*.

In FY 2017-18, District 11 modified its salary schedule to provide experience “step” increases for teachers and to provide a 1.0 percent one-time across the board increase. The Department’s request applies those changes to the CSDB’s teachers for FY 2018-19.

→ CSDB PROGRAM REVIEW UPDATE

There is no request or recommendation in this document related to a program review of CSDB. However, in follow up to the discussions during the FY 2018-19 JBC Staff briefing and hearing process, staff wanted to provide an update regarding the staff recommendation to undertake a detailed program review of the school. On February 20, 2018, staff and the Committee received a letter from CSDB and the Commissioner of Education announcing their intention to initiate an independent program review of the school. According to the letter, the parties expect to complete the review this year and the team will include:

- CSDB staff members
- CSDB Parent
- CDE staff members
- Public school teachers of the visually impaired and the deaf
- Colorado Special Education Director
- Colorado Hands and Voices
- The deaf community
- The blindness community
- National experts in deafness and blindness

The planned review will examine and identify program strengths, program gaps, and resource allocation, including program observations, a review of student data, interviews with staff, students, and parents, and opportunity for public comment. The Department and CSDB intend to summarize the results of the review in a report and will submit the report to the Committee. Based on the Department's commitment to undertake the review, staff does not believe further legislative action by the Committee is necessary at this time.

LINE ITEM DETAIL - SCHOOL FOR THE DEAF AND THE BLIND

(A) SCHOOL OPERATIONS

PERSONAL SERVICES

This line item provides funding for most School employees and for certain professional and temporary services.

STATUTORY AUTHORITY: Section 22-80-101.5 et seq., C.R.S.

REQUEST: The Department requests a continuation appropriation of \$10,703,518 total funds (including \$9,049,418 General Fund and \$1,654,100 reappropriated funds) and 153.1 FTE for FY 2018-19. The request includes the following increases above the FY 2017-18 appropriation:

- \$87,666 General Fund associated with request R5 (CSDB Teacher Salary Increase, discussed above).
- \$92,768 General Fund to annualize salary survey and merit pay increases provided in FY 2017-18.

RECOMMENDATION: Staff recommends an appropriation of \$10,703,518 total funds (including \$9,037,993 General Fund) and 153.1 FTE for FY 2018-19. The recommendation includes the requested increase associated with request R5 (CSDB Teacher Salary Increases, discussed above) and

to annualize FY 2017-18 salary survey and merit pay increases. In a change from the request, the recommendation includes a reduction of \$11,425 General Fund that is offset by an equal increase in reappropriated funds to reflect anticipated transfers from the Facility School Funding line item. The following table shows recommended changes from the FY 2017-18 appropriation.

SCHOOL FOR THE DEAF AND THE BLIND, SCHOOL OPERATIONS, PERSONAL SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	\$10,523,084	\$8,868,984	\$0	\$1,654,100	\$0	153.1
TOTAL	\$10,523,084	\$8,868,984	\$0	\$1,654,100	\$0	153.1
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$10,523,084	\$8,868,984	\$0	\$1,654,100	\$0	153.1
Annualize prior year budget actions	92,768	92,768	0	0	0	0.0
R5 CSDB teacher salary increase	87,666	87,666	0	0	0	0.0
Fund source adjustments	0	(11,425)	0	11,425	0	0.0
TOTAL	\$10,703,518	\$9,037,993	\$0	\$1,665,525	\$0	153.1
INCREASE/(DECREASE)	\$180,434	\$169,009	\$0	\$11,425	\$0	0.0
Percentage Change	1.7%	1.9%	n/a	0.7%	n/a	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$10,703,518	\$9,049,418	\$0	\$1,654,100	\$0	153.1
Request Above/(Below)						
Recommendation	\$0	\$11,425	\$0	(\$11,425)	\$0	0.0

Funding Sources. Prior to FY 2008-09, CSDB students were included in the pupil count of each student's home school district, and the Department transferred the statewide average per pupil operating revenue from the State Share of Districts' Total Program Funding line item to the CSDB for each eligible enrolled student. The CSDB now receives funds transferred from the Facility School Funding line item. Specifically, pursuant to the changes made in S.B. 13-260 (and discussed above in the Facility Schools section of this document) the CSDB receives statewide base per pupil funding times 1.73 to cover the costs of facilities that provide year-round educational services. This amount is translated into a daily rate, and the CSDB receives a daily rate for each child in attendance for up to 235 days each school year (with a 10-day extension to the CSDB school year approved by the General Assembly, the CSDB currently operates on a 184-day calendar).

Staff's calculations concerning the recommended fund splits in the above table are detailed in the following two tables.

PROJECTED FY 2018-19 FACILITY SCHOOLS FUNDING FOR CSDB	
Projected statewide base per pupil funding (based on current law)	\$6,768.77
Facility school funding for year-round educational programs (1.73 x base PPR)	\$11,710
Total days the increased rate applies	235
Daily rate (state average PPR increased by one-third/Total days)	\$49.83
Estimated student-days billed by CSDB (average daily attendance (177.84 projected) x 184 instructional days)	32,722
Projected Transfer to CSDB (Daily rate x Student-days)	\$1,630,525

CSDB PERSONAL SERVICES - FUNDING SPLITS	
Total Recommended Funding	\$10,703,518

Less: Estimated Transfer from the Facility Schools Funding Line item	(\$1,630,525)
Less: Federal Nutritional Funds transferred from the Appropriated Sponsored Programs line item	(\$35,000)
General Fund portion of appropriation	\$9,037,993

EARLY INTERVENTION SERVICES

Since April 2001, the "Colorado Home Intervention Program" (called "CHIP") has been operating within the CSDB. This program was first started with federal grants in 1969, and it operated within the Colorado Department of Public Health and Environment from 1975 through March 2001. This home-based, family-centered early intervention program serves hearing impaired children (ages zero to three), and their parents. The program involves a facilitator: working with the child to develop language skills; providing parents with information and counseling to identify strategies to use in communicating with their child; and assessing the dynamics of the parent-child interaction and providing support to improve it.

These programs involve specially trained fluent sign language instructors/tutors (many of whom are deaf or hard of hearing themselves) visiting families weekly to provide support and instruction in techniques to build the child's literacy. One program (the Shared Reading Program) is designed for families who rely on American Sign Language; the second program (Integrated Reading Program) is designed for families who use English-based sign language and some speech. In addition, these initiatives involve coordinating with preschool and elementary school teachers so they may reinforce the family's use of early literacy strategies, thereby easing the child's transition into public school.

STATUTORY AUTHORITY: Section 22-80-102 et seq., C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,237,922 General Fund and 10.0 FTE for FY 2018-19. The request includes an increase of \$11,098 General Fund above the FY 2017-18 appropriation to annualize FY 2017-18 salary survey and merit pay increases.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies.

SHIFT DIFFERENTIAL

This line item is used to pay for the adjustment to compensate employees for work performed outside a Monday through Friday, 8:00 a.m. to 5:00 p.m. work schedule. Currently, the State pays percentage increases for shift differential (7.5 percent for second or "swing" shift and 10.0 percent for third or "graveyard" shift). The school uses its shift differential to provide 24-hour staff coverage for residential students at the CSDB.

STATUTORY AUTHORITY: Section 24-50-104 (1) (a), C.R.S.

REQUEST: The Department requests an appropriation of \$120,452 General Fund for FY 2018-19, including an increase of \$5,868 based on OSPB's common policy to provide 100.0 percent of the prior year's actual expenditures for shift differential.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies for FY 2018-19.

OPERATING EXPENSES

This line item provides funding for supplies and materials, as well as for certain services that are not covered by other line items such as capital outlay²⁸, custodial services, equipment rental, storage, dues and subscriptions, and printing.

STATUTORY AUTHORITY: Section 22-80-101.5 et seq., C.R.S.

REQUEST: The Department requests a continuation appropriation of \$668,291 General Fund for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies.

VEHICLE LEASE PAYMENTS

This line item provides funding for annual payments to the Department of Personnel and Administration for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles [see Section 24-30-1117, C.R.S.]. The current appropriation covers costs associated with a total of 14 vehicles²⁹ that are all utilized at the CSDB.

STATUTORY AUTHORITY: Section 24-30-1104 (2), C.R.S.

REQUEST: The Department requests an appropriation of \$29,931 General Fund pursuant to OSPB's common policies.

RECOMMENDATION: The staff recommendation for this line item is pending the Committee's final common policy decision for vehicle lease payments. The FY 2018-19 Long Bill will reflect the Committee's final decision.

UTILITIES

This line item provides funding for the CSDB's water and sewer, electricity, and natural gas expenses.

STATUTORY AUTHORITY: Section 22-80-101.5 et seq., C.R.S.

REQUEST: The Department requests a continuation appropriation of \$602,580 General Fund for FY 2018-19, with no change from the FY 2017-18 appropriation.

²⁸ Capital outlay includes replacement of equipment, furniture, and other items that cost less than \$50,000, as well as building repair and remodeling costing less than \$15,000.

²⁹ Currently, these vehicles include: seven vans, three sedans, two buses, and two trucks.

RECOMMENDATION: Staff recommends approving the request. The Committee increased the appropriation for CSDB's utility expenses in FY 2014-15 and FY 2015-16 based on increasing costs. The Department's estimates indicate that the requested appropriation should be sufficient for FY 2018-19.

ALLOCATION OF STATE AND FEDERAL CATEGORICAL PROGRAM FUNDING

The CSDB receives an allocation of state and federal moneys available for special education services for children with disabilities based on its December pupil count. In addition, the CSDB may receive allocations from other categorical programs (e.g., in recent years the CSDB has received allocations related to the English language proficiency program, special education for gifted and talented children, and the Expelled and At-risk Student Services Grant Program). The CSDB receives transfers under this line item from the various line items in the Assistance to Public Schools, Categorical Programs section of the Long Bill.

STATUTORY AUTHORITY: Section 22-20-103 et seq., C.R.S. (Special Education for Children with Disabilities).

REQUEST: The Department requests a continuation appropriation of \$170,000 reappropriated funds spending authority and 0.4 FTE for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request. The disbursements of categorical funding are based on the CSDB's annual student count and, as a result, fluctuate some from year to year. The recommendation is intended to allow the CSDB to receive and spend all categorical funding for which it is eligible. The continuation level of funding is appropriate.

MEDICAID REIMBURSEMENTS FOR PUBLIC SCHOOL HEALTH SERVICES

Similar to school districts, the CSDB is authorized to enter into contracts and receive federal matching funds for moneys spent in providing student health services [i.e., preventive, diagnostic, therapeutic, rehabilitative, or palliative items or services that are furnished to students by a school district, a board of cooperative services, or a state educational institution pursuant to the S.B. 97-101 Public School Health Services program]. Section 25.5-5-318 (2) (b), C.R.S., states that "any moneys provided to a school district pursuant to a contract entered into under this section shall not supplant state or local moneys provided to school districts" for:

- (a) special education services for children with disabilities;
- (b) the Colorado preschool program; or
- (c) the School Finance Act.

Based on this provision, the CSDB has used the additional federal Medicaid moneys available to increase special education services to its students (e.g., providing an additional day of occupational or physical therapy, in accordance with a student's individual education program).

STATUTORY AUTHORITY: Section 22-80-102 (5), C.R.S.

REQUEST: The Department requests a continuation appropriation of \$403,244 reappropriated funds spending authority and 1.5 FTE for FY 2018-19. The request includes an increase of \$1,127 to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies. The recommendation is intended to allow the CSDB to receive and spend all of the Medicaid funding for which it is eligible.

(B) SPECIAL PURPOSE

FEES AND CONFERENCES

This line item provides spending authority for the Department to spend fees charged and received for various conferences or meetings held at the CSDB. Pursuant to Section 22-80-102, C.R.S., the CSDB is charged with being "a resource to school districts, state institutions, and other approved education programs". Among other resource services, the CSDB is required to provide "programs for parents, families, and the public". This appropriation allows the CSDB to host conferences that benefit professionals working with students who are deaf/hard of hearing or blind/visually impaired, parents of those children, and the students themselves. These fees offset additional custodial, maintenance, and security costs incurred. The CSDB also collects other fees, including fees paid for counseling services provided to students who are deaf/hard of hearing or blind/visually impaired in schools throughout Colorado.

STATUTORY AUTHORITY: Section 22-80-102, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$120,000 cash funds for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. Staff recommends maintaining the appropriation at its current level despite the low levels of expenditures in recent years, as the recommendation is intended to allow the Department to receive and spend any fees earned.

OUTREACH SERVICES

The CSDB is statutorily charged with being a resource to school districts by providing several services, including: assessment and identification of students' educational needs; special curricula; equipment and materials; supplemental related services; special short-term programs; program planning and staff development; programs for parents, families and the public; and research and development to promote improved educational programs and services. The reappropriated funds portion of this appropriation represents federal funds transferred from school districts for three purposes:

- The CSDB occasionally accepts students from Colorado school districts for extended diagnostic periods prior to the student meeting CSDB enrollment criteria. Typically, these students require a one-on-one aide who must be supplied by the home school district. Often, the districts themselves are unable to find qualified applicants willing to work for district-level salaries while living in the Colorado Springs area. Due to union agreements, however, districts are unable to pay these employees more than other district employees. To address this issue, this line item provides

spending authority for the CSDB to hire these professionals using federal special education funds transferred from school districts.

- CSDB employees travel to districts to provide training for district staff and/or to provide direct support to students. Districts pay the CSDB for their staff time and travel expenses.
- Each district pays a flat amount (e.g., \$200/student) for each blind/visually impaired student enrolled in the district. These moneys are collected by the CSDB and paid to the Colorado Instructional Materials Center (CIMC) to provide Braille and large print materials for students.

In FY 2009-10, this line item was increased by \$755,836 cash funds and 2.6 FTE to provide outreach services to school districts and Boards of Cooperative Educational Services (BOCES). The outreach services include technology training, professional development training, clerical support to distribute materials, production and purchase of adaptive materials, and student support services such as communication assessments, counseling support, and short-term and summer enrichment courses. In FY 2015-16, the General Assembly added an additional 0.8 FTE associated with FY 2015-16 R5 (CSDB Strategic Plan Implementation). The source of the cash funds are from reimbursements that the CSDB collects from school districts and BOCES.

STATUTORY AUTHORITY: Section 22-80-102, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,027,669 total funds (including \$756,463 cash funds and \$271,206 reappropriated funds) and 6.2 FTE for FY 2018-19. The request includes an increase of \$2,309 total funds to annualize FY 2017-18 salary survey and merit pay appropriations.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies.

TUITION FROM OUT-OF-STATE STUDENTS

The CSDB is statutorily authorized to admit students from other states "...upon payment to the superintendent of such a sum quarterly as the board of trustees determines, to be not less than the total cost per capita of the students for the year immediately preceding the year in which the application is made." [see Section 22-80-110, C.R.S.] The CSDB is not allowed to admit a student from another state, however, to the exclusion of any Colorado resident. Tuition payments are generally used for curriculum, technology, and dorm furniture.

Historically, the CSDB has admitted students from Wyoming who cannot be appropriately served in their home school district. Wyoming does not have a state school to serve children who are deaf and/or blind. Prior to FY 2007-08, the CSDB required Wyoming to pay their students' tuition using federal funds (available under the federal *Individuals with Disabilities Education Act*), which were treated as cash funds but are not subject to the limitation on state fiscal year spending imposed by Section 20 of Article X of the State Constitution ("TABOR"). Beginning in FY 2007-08, the CSDB has been authorized to accept tuition payments from other states for up to four students using state, rather than federal funds. This authorization ensures that children from neighboring states can be served at the CSDB (given available space) if it is determined that it is the best setting for the child.

STATUTORY AUTHORITY: Section 22-80-110, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$200,000 cash funds spending authority for FY 2018-19, with no change from the FY 2017-18 appropriation.

RECOMMENDATION: Staff recommends approving the request. While the Department had not used the appropriation the past several years, CSDB had two out of state students (from Wyoming) in FY 2016-17 and has one out of state student in FY 2017-18. Staff recommends continuing the appropriation at its current level to allow the CSDB to serve any students deemed appropriate, which benefits both the student and the CSDB. The CSDB will only be able to spend funds actually received as tuition from out-of-state students.

GRANTS

This line item provides spending authority for the CSDB to receive various grants transferred from other line items within the Department. This spending authority excludes amounts related to categorical programs and Medicaid reimbursements for public school health services, as these amounts are appropriated through separate line items.

STATUTORY AUTHORITY: Section 22-80-102, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,205,705 reappropriated funds and 9.0 FTE for FY 2018-19. The request includes an increase of \$3,374 to annualize FY 2017-18 salary survey and merit pay.

RECOMMENDATION: Staff recommends approving the request. Staff recommends maintaining the appropriation at its current level despite the low levels of expenditures in recent years, as the recommendation is intended to allow the Department to receive and spend any revenues received under the line item.

LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

LONG BILL FOOTNOTES

Staff recommends **ELIMINATING** the following footnote:

- 5 Department of Education, Assistance to Public Schools, Public School Finance, State share of Districts' Total Program Funding -- It is the intent of the General Assembly that a portion of the amount appropriated for this line item, not to exceed \$250,000 for fiscal year FY 2017-18, shall be transferred to the Legislative Council for the purpose of funding the biennial cost of living analysis pursuant to Section 22-54-104 (5) (c) (III) (B), C.R.S.

COMMENT: Section 22-54-104 (5) (c) (III) (A), C.R.S., requires the Legislative Council Staff to conduct a biennial study concerning the relative cost of living in each school district. The results of the study are then to be used to adjust each school district's cost of living factor for purposes of calculating per pupil funding for the following two fiscal years. Thus, the results of the study conducted in FY 2017-18 will impact funding requirements for FY 2018-19 and FY 2019-20. As a biennial study, the footnote is not necessary in FY 2018-19.

Staff recommends **CONTINUING** the following footnotes:

- 6 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding -- Pursuant to Section 22-35-108 (2) (a), C.R.S., the purpose of this footnote is to specify what portion of this appropriation is intended to be available for the Accelerating Students Through Concurrent Enrollment (ASCENT) Program for ~~FY 2017-18~~ FY 2018-19. It is the intent of the General Assembly that the Department of Education be authorized to utilize up to ~~\$4,213,200~~ \$_____ of this appropriation to fund qualified students designated as ASCENT Program participants. This amount is calculated based on an estimated ~~600~~ 500 FTE participants funded at a rate of ~~\$7,022~~ \$_____ per FTE pursuant to Section 22-54-104 (4.7), C.R.S.

COMMENT: House Bill 19-1319³⁰ created the ASCENT Program for students who voluntarily extend their high school education beyond 12th grade in order to attend college courses ("fifth year" students). The stated objectives of the program include: (1) increasing the percentage of students who participate in higher education, especially among low-income and traditionally under-served populations; (2) decreasing the number of high school dropouts; (3) decreasing the time required for a student to complete a postsecondary degree; (4) reducing state expenditures for public education; and (5) increasing the number of educational pathways available to students.

Similar to students participating in multi-district online programs and the Colorado Preschool Program, ASCENT students are counted and funded through the School Finance Act formula. However, the ASCENT Program is subject to available appropriations. As funding for ASCENT is calculated as part of school districts' total program funding, state funding for

³⁰ See Section 22-35-108, C.R.S.

ASCENT students is included within the State Share of Districts' Total Program Funding line item. This footnote thus provides the mechanism for the General Assembly to limit the appropriation for ASCENT.

In addition to state funding appropriated to the Department of Education, similar to other concurrent enrollment programs, higher education institutions include ASCENT students in determining the number of full time equivalent students enrolled in the institution. The higher education institution receives tuition from ASCENT students' home school districts, as well as College Opportunity Fund Program stipend payments.

In the current year, a total of 533.5 FTE students are participating in the ASCENT Program. Based on historic use of the program, including in the current year, the Department expects 600 slots to be sufficient in FY 2018-19. In addition, please note that the enactment of S.B. 15-138 makes more funding available for ASCENT participants in FY 2018-19. That bill allows participating school districts to use funding for unused slots from the current year to support ASCENT slots in the following year. As a result, school districts have until the end of this fiscal year to encumber any funds associated with unused slots in FY 2017-18 to provide ASCENT slots in FY 2018-19, and that funding is in addition to the amounts assumed in the FY 2018-19 appropriation. Participating districts must remit any FY 2017-18 ASCENT funds remaining unencumbered by the end of the fiscal year to the Department. The Department will credit such funds to the State Public School Fund.

As discussed above with request R1/BA1/BA4 (Total Program Increase), the staff recommendation for FY 2018-19 includes 500 new ASCENT slots for FY 2018-19 (a reduction of 100 slots from the original appropriation). Staff requests permission to finalize the appropriation and per pupil amounts in the footnote based on the Committee's final decisions regarding total program funding and the allocation of ASCENT slots in FY 2018-19.

- 7 Department of Education, Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Capital Construction, Public School Capital Construction Assistance Board – Cash Grants – This appropriation remains available until the completion of the project or the cost of FY 2019-20, whichever comes first. At project completion or the end of the three-year period, any unexpended balance reverts to the Public School Capital Construction Assistance Fund.

COMMENT: The General Assembly added this footnote to the FY 2015-16 Long Bill to allow the Department to spend cash grants provided through the B.E.S.T. Program over a three-year period in order to allow for project completion.

- 8 Department of Education, Library Programs, Reading Services for the Blind – This appropriation is for the support of privately operated reading services for the blind, as authorized by Section 24-90-105.5, C.R.S. It is the intent of the General Assembly that ~~\$640,000~~ \$440,000 of this appropriation be used to provide access to radio and television broadcasts of locally published and produced materials and \$120,000 of this appropriation be used to provide telephone access to digital transmissions of nationally published and produced materials.

COMMENT: The General Assembly includes this footnote in the Long Bill to express the intent of the appropriation. The Department annually spends a portion of the appropriation, specified at \$640,000 in FY 2017-18 as adjusted by H.B. 18-1159 (FY 2017-18 supplemental bill) and \$440,000 in the recommendation for FY 2018-19, to contract with Audio Information Network of Colorado (AINC) to provide an on-the-air volunteer reading service for the blind, visually impaired, and print-handicapped citizens of Colorado. Broadcasts are provided in Boulder, Louisville, and Lafayette and are available on local cable as a standard radio frequency at 98.9 KHzs. AINC is working through cable associations with the cities to expand local coverage. The services provided by AINC are also made available through the internet, telephone, and podcasts.

The remaining amount (\$120,000 in FY 2017-18 as adjusted by H.B. 18-1159 and continued in the staff recommendation for FY 2018-19) is used to purchase services from the National Federation for the Blind (NFB) for its Newsline service, which provides eligible Coloradans access to newspapers nationwide and a few magazines via touch tone telephone, internet, and by e mail. Newsline services now include television listings (based on an individual's zip code); the NFB indicates that this additional service has increased use of their Newsline service nationwide significantly. Anyone who is a patron of the Colorado Talking Book Library (CTBL) is eligible to access Newsline services. The CTBL is able to sign patrons up for the Newsline service through their existing database.

- 9 Department of Education, Library Programs, State Grants to Publicly-Supported Libraries Program -- It is the intent of the General Assembly that grants provided through this line item be used to support efforts to improve early literacy.

COMMENT: The General Assembly added this footnote to the FY 2013-14 Long Bill with the restoration of funding to this line item. Assuming that the footnote still reflects the General Assembly's intent for the line item, staff recommends continuing the footnote.

REQUESTS FOR INFORMATION

Staff recommends continuing and **CONTINUING AND MODIFYING** the following requests for information:

- 2 Department of Education, Assistance to Public Schools, Categorical Programs; and Department of Higher Education, Division of Occupational Education, Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S. – The Department of Education is requested to work with the Department of Higher Education and to provide to the Joint Budget Committee information concerning the distribution of state funds available for each categorical program, excluding grant programs. The information for special education programs for children with disabilities, English language proficiency programs, public school transportation, career and technical education, and small attendance center aid is requested to include the following: (a) a comparison of the state funding distributed to each district or administrative unit for each program in fiscal year ~~2016-17~~ 2017-18 and the maximum allowable distribution pursuant to state law and/or State Board of Education rule; and (b) a comparison of the state and federal funding distributed to each district or administrative unit for each program in fiscal year ~~2015-16~~ 2016-17 and actual

district expenditures for each program in fiscal year ~~2015-16~~ 2016-17. The information for special education programs for gifted and talented children is requested to include a comparison of the state funding distributed to each district or administrative unit for each program in fiscal year ~~2015-16~~ 2016-17 and actual district expenditures in fiscal year ~~2015-16~~ 2016-17.

COMMENT: This request provides the Joint Budget Committee with data that is used to annually determine the allocation of the required increase in state funding for categorical programs.

- 1 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding – The Department is requested to provide to the Joint Budget Committee, on or before November 1, ~~2017~~ 2018, information concerning the Colorado Preschool Program. The information provided is requested to include the following for fiscal year ~~2016-17~~ 2017-18: (a) data reflecting the ratio of the total funded pupil count for the Program to the total funded pupil count for kindergarten; (b) data indicating the number of three-year-old children who participated in the Program; (c) data indicating the number of children who participated in the Program for a full-day rather than a half-day; and (d) the state and local shares of total program funding that are attributable to the Program.

COMMENT: Funding for the Colorado Preschool Program (CPP) is included in the State Share of Districts' Total Program Funding line item. This request provides the Joint Budget Committee with data related to CPP, including the costs of the program, how many existing slots are being used to serve three-year-old children or to provide a full day of preschool to an individual child, and the adequacy of the number of authorized slots.

- 2 Department of Education, Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance – The Department is requested to provide information to the Joint Budget Committee by November 1, ~~2017~~ 2018, concerning the allocation of funding to eligible boards of cooperative services (BOCES) pursuant to Section 22-2-122 (3), C.R.S. Specifically, the Department is requested to detail the sources of funds and the allocations made to each BOCES in fiscal years ~~2015-16~~ 2016-17 and ~~2016-17~~ 2017-18.

COMMENT: This request ensures that the Joint Budget Committee receives information about a distribution of state funds that occurs off-budget. Specifically, pursuant to a provision added by H.B. 02-1053 (Young/Taylor), the Department is required to annually allocate funds to those boards of cooperative services (BOCES) that provide a wide range of services to their member school districts, or school districts with student populations of less than four thousand students [see Section 22-2-122 (3), C.R.S.]. Specifically, up to \$250,000 is to be allocated annually using 1.0 percent of amounts appropriated "to all education grant programs for that fiscal year"; moneys are to be allocated proportionately on a per school district basis, based on the total number of school districts that have student populations of less than four thousand students and are members of eligible BOCES. The BOCES that receive allocations are required to use such moneys to assist member school districts and schools in applying for grants. The above language requests data for both FY 2016-17 and FY 2017-18.

INDIRECT COST ASSESSMENTS

DESCRIPTION OF INDIRECT COST ASSESSMENT METHODOLOGY

The Department of Education annually calculates two separate indirect cost rates, one affecting federal funds and another for cash funds. The Department's indirect cost methodology is based on three components: an "*Indirect Cost Pool*", an "*Indirect Cost Base*", and an "*Indirect Cost Rate*".

The Department calculates and negotiates the federal indirect cost rate with the U.S. Department of Education (USDE). In a change from prior years, the Department has negotiated a three-year fixed federal indirect cost rate with USDE based on an onsite audit by USDE. The Department calculates the federal rate based on the most recent year of actual expenditures. For example, actual expenditures from FY 2013-14 are the basis of the FY 2015-16 federal indirect rate of 9.9 percent, which will apply for FY 2015-16 through FY 2017-18. The Department calculates the federal rate as the indirect cost pool divided by the indirect cost base (as illustrated in the tables below) but must negotiate the final rate with USDE. Prior to FY 2015-16, this was an annual negotiation.

The Department has submitted its next indirect cost proposal to the USDE for review but the USDE has not yet approved the rate that will apply to FY 2018-19. The Department currently anticipates federal approval in April 2018. The Department has requested a rate of 12.5 percent for the period beginning July 1, 2018, although the final rate may be lower than the Department's request.

The Department bases the cash fund indirect cost rate on the approved federal rate, with some modifications. For example, the USDE prohibits the collection of indirect costs from contracts over \$25,000. For the cash fund rate, the Department adds the USDE exclusions back into the indirect cost pool to arrive at the cash fund indirect cost rate. The Department primarily applies the cash fund rate to the Educator Licensure Cash Fund but also applies the rate to private gifts, grants, and donations. Similar to the federal rate, the Department has now set a fixed cash fund rate of 11.5 percent for cash fund indirect cost recoveries for FY 2015-16 through FY 2017-18. Because the federal rate for FY 2018-19 is still unknown, the Department has also not determined a new cash fund rate. The following data are based on the Department's current estimates for FY 2018-19.

INDIRECT COST POOL

The *Indirect Cost Pool* is comprised of expenses in the Management and Administration Division, including expenses associated with the following line items: General Department and Program Administration, Health, Life, and Dental, Short-term Disability, S.B. 04-257 Amortization Equalization Disbursement, S.B. 06-235 Supplemental Amortization Equalization Disbursement, and Payment to Risk Management and Property Funds. The Department categorizes the indirect cost pool differently, however, based on the costs actually included in the pool for calculation purposes. **Table 1** (on the following page) outlines which *costs* are included in the department's Indirect Cost Pool.

TABLE 1: DEPARTMENT OF EDUCATION INDIRECT COST POOL	
DIVISION/COST DESCRIPTION	FY 2016-17 ACTUAL
Statewide Indirect Costs for FY 2016-17	\$498,246
Management and Administration	
Human Resources	291,743
Accounting and Purchasing	1,044,085
Department Overhead	538,676
COFRS Modernization	282,536
Sick and Annual Leave Payouts	567,189
Budget	475,923
Information Management	2,168,037
Total Departmental Indirect Cost Pool	\$5,368,189
Other Costs	
Depreciation	729,549
State Auditor	152,027
Total Other Costs	\$881,576
Total Indirect Cost Pool	\$6,748,011

INDIRECT COST BASE

The *Indirect Cost Base* is the denominator in the calculation of the federal indirect cost rate. The indirect cost base consists of Departmental salaries, fringe benefits, and operating expenses. The federal calculation excludes the items for which the USDE prohibits indirect cost collections and excludes departmental indirect costs. **Table 2** summarizes the department's indirect cost base using the FY 2016-17 actuals that provided the base for the current federal rate.

TABLE 2: DEPARTMENT OF EDUCATION INDIRECT COST BASE	
	FY 2016-17 ACTUAL
CDE salaries, fringe benefits, operating expenses	\$98,575,751
Less: Expenditures Excluded by USDE	(39,253,480)
Less: Departmental Indirect Costs	(5,385,170)
Total Indirect Cost Base	\$53,937,101

INDIRECT COST RATE

The federal *indirect cost rate* is calculated by dividing the indirect cost pool by the indirect cost base. **Table 3** illustrates how the Department calculates the federal indirect cost rate. However, as discussed above, the Department has proposed a 3-year rate of 12.5 percent to the USDE. The Department anticipates that negotiations may reduce the rate – the Department's request assumes a rate of 11.0 percent.

TABLE 3: DEPARTMENT OF EDUCATION INDIRECT COST RATE	
FEDERAL RATE = INDIRECT COST POOL / DIRECT COST BASE	
DIVISION	FY 2016-17 ACTUAL
Indirect Cost Pool	\$6,748,011
Indirect Cost Base	53,937,101
Calculated Indirect Cost Rate	12.5%

TABLE 3: DEPARTMENT OF EDUCATION INDIRECT COST RATE

FEDERAL RATE = INDIRECT COST POOL / DIRECT COST BASE	
DIVISION	FY 2016-17 ACTUAL
Negotiated Federal Rate (Actual Rate)	TBD

The Department applies the federal indirect cost rate to all federally funded expenditures for salaries, fringe benefits, operating expenses, and travel costs. The USDE prohibits charging indirect costs to federal funds supporting contracts in excess of \$25,000, grant distributions to school districts and other recipients, and capital expenditures in excess of \$5,000. In addition, some federal programs impose indirect cost limits. For example, the Library Service and Technology Act (LSTA) grant limits indirect cost recoveries to 4 percent, regardless of the negotiated indirect cost rate for other federal funds.

The Department also does not charge indirect costs to General Fund expenditures, some cash funded expenditures (most importantly those supported by the State Education Fund), or reappropriated fund expenditures. Based on updated information provided by the Department, **Table 4** reflects the recommended indirect cost assessments for each of the Department's divisions.

TABLE 4: DEPARTMENT INDIRECT COST ASSESSMENT RECOMMENDATION

DIVISION	TOTAL	CF	RF	FF
Management and Administration	\$798,798	\$459,879	\$0	\$338,919
Assistance to Public Schools	3,249,636	25,000	55,571	3,169,065
Library Programs	55,327	0	0	55,327
Total FY 2018-19 Recommendation	\$4,103,761	\$484,879	\$55,571	\$3,563,311
Management and Administration	\$647,730	\$372,907	\$0	\$274,823
Assistance to Public Schools	2,650,303	25,000	55,571	2,569,732
Library Programs	55,327	0	0	55,327
Total FY 2017-18 Appropriation	\$3,353,360	\$397,907	\$55,571	\$2,899,882
Difference (FY 18 - FY 19)	\$750,401	\$86,972	\$0	\$663,429

JBC Staff Staff Figure Setting - FY 2018-19
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Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
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DEPARTMENT OF EDUCATION Dr. Katy Anthes, Commissioner

(1) MANAGEMENT AND ADMINISTRATION

This section provides funding and staff for: the State Board of Education; the administration of a variety of education-related programs and for the general department administration, including human resources, budgeting, accounting, information management, and facilities maintenance. This section also includes funding for the Office of Professional Services, the Division of On-line Learning, as well as funding associated with the State Charter School Institute. The primary source of cash funds is the Educator Licensure Cash Fund. The major sources of reappropriated funds are indirect cost recoveries and transfers of funds from various cash- and federally-funded line items. Federal funds are from a variety of sources.

(A) Administration and Centrally-Appropriated Line Items

State Board of Education	<u>307,789</u>	<u>304,977</u>	<u>311,194</u>	<u>459,188</u>	<u>459,188</u> *
FTE	1.3	2.0	2.0	2.0	2.0
General Fund	307,789	304,977	311,194	459,188	459,188
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
General Department and Program Administration	<u>4,110,736</u>	<u>4,193,254</u>	<u>4,252,945</u>	<u>4,378,699</u>	<u>4,378,699</u>
FTE	33.2	35.7	34.6	34.6	34.6
General Fund	1,763,782	1,801,744	1,792,802	1,865,734	1,865,734
Cash Funds	129,160	133,392	177,081	179,110	179,110
Reappropriated Funds	2,217,794	2,258,118	2,283,062	2,333,855	2,333,855
Federal Funds	0	0	0	0	0

* Line item contains a decision item.

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	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Office of Professional Services	<u>2,560,240</u>	<u>2,283,938</u>	<u>2,517,511</u>	<u>2,698,620</u>	<u>2,698,620</u>
FTE	24.6	24.5	25.0	25.0	25.0
General Fund	0	0	0	0	0
Cash Funds	2,560,240	2,283,938	2,517,511	2,698,620	2,698,620
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Division of On-line Learning	<u>351,450</u>	<u>208,327</u>	<u>359,549</u>	<u>365,701</u>	<u>365,701</u>
FTE	2.8	1.6	3.3	3.3	3.3
Cash Funds	351,450	208,327	359,549	365,701	365,701
Health, Life, and Dental	<u>4,740,929</u>	<u>4,418,375</u>	<u>5,180,585</u>	<u>5,446,454</u>	<u>5,446,454</u>
General Fund	1,700,148	1,644,414	2,058,491	2,124,013	2,124,013
Cash Funds	565,607	395,127	634,569	743,392	743,392
Reappropriated Funds	508,433	429,949	455,053	469,264	484,619
Federal Funds	1,966,741	1,948,885	2,032,472	2,109,785	2,094,430
Short-term Disability	<u>88,638</u>	<u>70,761</u>	<u>80,504</u>	<u>73,221</u>	<u>73,221</u>
General Fund	27,057	23,121	28,627	25,605	25,605
Cash Funds	11,949	6,898	10,868	10,632	10,632
Reappropriated Funds	9,944	8,124	8,759	8,010	8,272
Federal Funds	39,688	32,618	32,250	28,974	28,712
S.B. 04-257 Amortization Equalization Disbursement	<u>1,897,700</u>	<u>1,876,156</u>	<u>2,285,634</u>	<u>2,273,850</u>	<u>2,273,850</u>
General Fund	581,811	615,755	816,141	798,660	798,660
Cash Funds	255,387	182,451	307,885	329,380	329,380
Reappropriated Funds	212,557	214,983	248,127	248,181	256,302
Federal Funds	847,945	862,967	913,481	897,629	889,508

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	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>1,833,003</u>	<u>1,856,621</u>	<u>2,285,634</u>	<u>2,273,850</u>	<u>2,273,850</u>
General Fund	561,976	609,351	816,141	798,660	798,660
Cash Funds	246,680	180,548	307,885	329,380	329,380
Reappropriated Funds	205,310	212,744	248,127	248,181	256,302
Federal Funds	819,037	853,978	913,481	897,629	889,508
Salary Survey for Classified Employees	<u>0</u>	<u>0</u>	<u>188,593</u>	<u>184,711</u>	<u>184,711</u>
General Fund	0	0	168,594	64,589	64,589
Cash Funds	0	0	5,772	26,818	26,818
Reappropriated Funds	0	0	8,462	20,208	20,869
Federal Funds	0	0	5,765	73,096	72,435
Salary Survey for Exempt Employees	<u>0</u>	<u>0</u>	<u>680,756</u>	<u>1,290,002</u>	<u>1,290,002</u>
General Fund	0	0	140,551	451,079	451,079
Cash Funds	0	0	111,628	187,295	187,295
Reappropriated Funds	0	0	86,104	141,136	145,754
Federal Funds	0	0	342,473	510,492	505,874
Merit Pay	<u>376,729</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	119,026	0	0	0	0
Cash Funds	25,664	0	0	0	0
Reappropriated Funds	42,695	0	0	0	0
Federal Funds	189,344	0	0	0	0

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	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Merit Pay for Classified Employees	<u>0</u>	<u>0</u>	<u>78,144</u>	<u>0</u>	<u>0</u>
General Fund	0	0	69,572	0	0
Cash Funds	0	0	2,474	0	0
Reappropriated Funds	0	0	3,627	0	0
Federal Funds	0	0	2,471	0	0
Merit Pay for Exempt Employees	<u>0</u>	<u>0</u>	<u>276,288</u>	<u>0</u>	<u>0</u>
General Fund	0	0	57,825	0	0
Cash Funds	0	0	45,734	0	0
Reappropriated Funds	0	0	35,145	0	0
Federal Funds	0	0	137,584	0	0
Workers' Compensation	<u>435,200</u>	<u>506,964</u>	<u>506,676</u>	<u>519,397</u>	<u>519,395</u>
General Fund	166,333	193,794	226,318	232,001	231,999
Cash Funds	38,081	65,432	66,120	67,779	67,779
Reappropriated Funds	53,443	43,115	34,239	35,099	35,099
Federal Funds	177,343	204,623	179,999	184,518	184,518
Legal Services	<u>480,453</u>	<u>664,830</u>	<u>840,439</u>	<u>760,817</u>	<u>760,817</u>
General Fund	264,318	351,527	485,811	439,786	439,786
Cash Funds	210,552	294,293	333,064	301,510	301,510
Reappropriated Funds	5,583	19,010	21,564	19,521	19,521
Administrative Law Judge Services	<u>177,671</u>	<u>224,252</u>	<u>252,579</u>	<u>210,726</u>	<u>208,286</u>
General Fund	0	0	0	0	0
Cash Funds	147,004	185,545	208,981	174,352	172,333
Reappropriated Funds	30,667	38,707	43,598	36,374	35,953
Federal Funds	0	0	0	0	0

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	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Payment to Risk Management and Property Funds	<u>79,031</u>	<u>108,806</u>	<u>152,910</u>	<u>197,232</u>	<u>212,856</u> *
General Fund	79,031	108,806	152,910	197,232	212,856
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Leased Space	<u>847,521</u>	<u>918,507</u>	<u>1,172,191</u>	<u>1,172,191</u>	<u>1,150,572</u>
General Fund	49,430	63,222	60,782	60,782	61,525
Cash Funds	94,708	168,459	224,762	224,762	224,010
Reappropriated Funds	12,389	20,213	17,198	17,198	13,104
Federal Funds	690,994	666,613	869,449	869,449	851,933
Capitol Complex Leased Space	<u>749,257</u>	<u>723,654</u>	<u>842,164</u>	<u>773,186</u>	<u>773,684</u>
General Fund	165,536	159,143	236,777	217,382	232,175
Cash Funds	89,544	83,204	113,045	103,787	103,558
Reappropriated Funds	125,859	115,415	152,358	139,880	139,572
Federal Funds	368,318	365,892	339,984	312,137	298,379
Reprinting and Distributing Laws Concerning					
Education	<u>32,424</u>	<u>32,089</u>	<u>35,480</u>	<u>35,480</u>	<u>35,480</u>
Cash Funds	32,424	32,089	35,480	35,480	35,480
Salary Survey	<u>425,241</u>	<u>6,029</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	140,890	6,029	0	0	0
Cash Funds	27,942	0	0	0	0
Reappropriated Funds	45,344	0	0	0	0
Federal Funds	211,065	0	0	0	0

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	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
SUBTOTAL - (A) Administration and Centrally-					
Appropriated Line Items	19,494,012	18,397,540	22,299,776	23,113,325	23,105,386
<i>FTE</i>	<u>61.9</u>	<u>63.8</u>	<u>64.9</u>	<u>64.9</u>	<u>64.9</u>
General Fund	5,927,127	5,881,883	7,422,536	7,734,711	7,765,869
Cash Funds	4,786,392	4,219,703	5,462,408	5,777,998	5,774,998
Reappropriated Funds	3,470,018	3,360,378	3,645,423	3,716,907	3,749,222
Federal Funds	5,310,475	4,935,576	5,769,409	5,883,709	5,815,297
(B) Information Technology					
Information Technology Services	<u>3,472,743</u>	<u>3,476,490</u>	<u>4,051,818</u>	<u>4,618,507</u>	<u>4,474,363</u> *
FTE	23.4	24.1	28.2	31.2	30.9
General Fund	3,384,893	1,411,712	3,425,355	3,991,664	3,847,520
Cash Funds	0	2,000,000	0	0	0
Reappropriated Funds	87,850	64,778	626,463	626,843	626,843
Federal Funds	0	0	0	0	0
CORE Operations	<u>281,533</u>	<u>282,536</u>	<u>236,105</u>	<u>247,935</u>	<u>278,197</u>
General Fund	78,863	107,278	89,650	94,141	105,658
Cash Funds	7,119	35,374	29,560	31,042	34,831
Reappropriated Funds	121,724	139,884	116,895	122,752	137,708
Federal Funds	73,827	0	0	0	0
Information Technology Asset Maintenance	<u>862,146</u>	<u>860,001</u>	<u>862,146</u>	<u>862,146</u>	<u>862,146</u>
General Fund	862,146	860,001	862,146	862,146	862,146
Disaster Recovery	<u>17,792</u>	<u>19,722</u>	<u>19,722</u>	<u>19,722</u>	<u>19,722</u>
General Fund	17,792	19,722	19,722	19,722	19,722

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Payments to OIT	<u>734,984</u>	<u>340,453</u>	<u>805,047</u>	<u>744,086</u>	<u>744,086</u>
General Fund	359,423	176,332	403,242	380,095	380,095
Cash Funds	0	0	12,249	4,617	4,617
Reappropriated Funds	375,561	164,121	389,556	359,374	359,374
SUBTOTAL - (B) Information Technology	5,369,198	4,979,202	5,974,838	6,492,396	6,378,514
FTE	<u>23.4</u>	<u>24.1</u>	<u>28.2</u>	<u>31.2</u>	<u>30.9</u>
General Fund	4,703,117	2,575,045	4,800,115	5,347,768	5,215,141
Cash Funds	7,119	2,035,374	41,809	35,659	39,448
Reappropriated Funds	585,135	368,783	1,132,914	1,108,969	1,123,925
Federal Funds	73,827	0	0	0	0

(C) Assessments and Data Analyses

Statewide Assessment Program	<u>28,213,207</u>	<u>32,338,513</u>	<u>32,470,491</u>	<u>32,519,687</u>	<u>33,164,549</u>
FTE	18.3	20.0	11.8	11.8	17.5
Cash Funds	22,396,850	26,246,321	25,586,546	25,597,239	26,081,831
Reappropriated Funds	0	0	0	0	0
Federal Funds	5,816,357	6,092,192	6,883,945	6,922,448	7,082,718
Federal Grant for State Assessments and Related Activities	<u>2,247,224</u>	<u>0</u>	<u>2,247,224</u>	<u>2,247,224</u>	<u>0</u>
FTE	5.9	0.0	5.7	5.7	0.0
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	2,247,224	0	2,247,224	2,247,224	0

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Longitudinal Analyses of Student Assessment Results	<u>571,764</u>	<u>677,686</u>	<u>736,392</u>	<u>747,227</u>	<u>747,227</u>
FTE	2.4	3.5	4.1	4.1	4.1
General Fund	325,528	397,769	438,392	447,082	449,227
Cash Funds	246,236	279,917	298,000	300,145	298,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Basic Skills Placement or Assessment Tests	<u>0</u>	<u>13,736</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Cash Funds	0	13,736	50,000	50,000	50,000
Preschool to Postsecondary Education Alignment	<u>590,655</u>	<u>634,838</u>	<u>630,153</u>	<u>638,994</u>	<u>638,994</u>
FTE	2.8	3.9	4.0	4.0	4.0
General Fund	7,232	35,351	35,400	35,400	35,400
Cash Funds	583,423	599,487	594,753	603,594	603,594
Educator Effectiveness Unit Administration	<u>1,314,102</u>	<u>1,668,358</u>	<u>1,865,610</u>	<u>1,915,954</u>	<u>1,915,954</u>
FTE	8.4	10.8	12.5	12.5	12.5
General Fund	1,203,898	1,571,005	1,736,357	1,786,431	1,786,431
Cash Funds	110,204	97,353	129,253	129,523	129,523
Accountability and Improvement Planning	<u>1,757,947</u>	<u>1,725,741</u>	<u>1,732,237</u>	<u>1,753,560</u>	<u>1,753,560</u>
FTE	3.7	3.8	11.4	11.4	11.4
General Fund	1,207,615	1,175,409	1,181,905	1,203,228	1,203,228
Federal Funds	550,332	550,332	550,332	550,332	550,332
Educator Effectiveness Implementation	<u>2,018,622</u>	<u>803,134</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	0.0	0.0	0.0	0.0	0.0
Federal Funds	2,018,622	803,134	0	0	0

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
SUBTOTAL - (C) Assessments and Data					
Analyses	36,713,521	37,862,006	39,732,107	39,872,646	38,270,284
<i>FTE</i>	<u>41.5</u>	<u>42.0</u>	<u>49.5</u>	<u>49.5</u>	<u>49.5</u>
General Fund	2,744,273	3,179,534	3,392,054	3,472,141	3,474,286
Cash Funds	23,336,713	27,236,814	26,658,552	26,680,501	27,162,948
Reappropriated Funds	0	0	0	0	0
Federal Funds	10,632,535	7,445,658	9,681,501	9,720,004	7,633,050

(D) State Charter School Institute

State Charter School Institute Administration, Oversight, and Management	<u>3,167,162</u>	<u>3,395,208</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>
<i>FTE</i>	11.4	14.0	11.7	11.7	11.7
Cash Funds	335,402	563,448	0	0	0
Reappropriated Funds	2,831,760	2,831,760	3,500,000	3,500,000	3,500,000
 Institute Charter School Assistance Fund	<u>1,431,252</u>	<u>1,224,425</u>	<u>460,000</u>	<u>460,000</u>	<u>460,000</u>
Cash Funds	1,431,252	1,224,425	460,000	460,000	460,000
 Other Transfers to Institute Charter Schools	<u>8,988,771</u>	<u>10,037,439</u>	<u>9,000,000</u>	<u>9,000,000</u>	<u>9,000,000</u>
Cash Funds	5,365,792	0	0	0	0
Reappropriated Funds	3,622,979	10,037,439	9,000,000	9,000,000	9,000,000
 Transfer of Federal Moneys to Institute Charter Schools	<u>5,972,652</u>	<u>6,212,198</u>	<u>7,600,000</u>	<u>7,600,000</u>	<u>7,600,000</u>
<i>FTE</i>	1.7	1.7	4.5	4.5	4.5
Reappropriated Funds	0	0	7,600,000	7,600,000	7,600,000
Federal Funds	5,972,652	6,212,198	0	0	0

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Department Implementation of Section 22-30.5-501 et seq., C.R.S.	<u>192,836</u>	<u>156,014</u>	<u>227,505</u>	<u>231,648</u>	<u>231,648</u>
FTE	1.3	1.0	1.6	1.6	1.6
Reappropriated Funds	192,836	156,014	227,505	231,648	231,648
CSI Mill Levy Equalization	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,047,724</u>	<u>0</u> *
General Fund	0	0	0	5,523,862	0
Reappropriated Funds	0	0	0	5,523,862	0
SUBTOTAL - (D) State Charter School Institute	19,752,673	21,025,284	20,787,505	31,839,372	20,791,648
FTE	<u>14.4</u>	<u>16.7</u>	<u>17.8</u>	<u>17.8</u>	<u>17.8</u>
General Fund	0	0	0	5,523,862	0
Cash Funds	7,132,446	1,787,873	460,000	460,000	460,000
Reappropriated Funds	6,647,575	13,025,213	20,327,505	25,855,510	20,331,648
Federal Funds	5,972,652	6,212,198	0	0	0
(E) Indirect Cost Assessment					
Indirect Cost Assessment	<u>617,191</u>	<u>549,469</u>	<u>647,730</u>	<u>647,730</u>	<u>798,798</u>
Cash Funds	355,325	321,464	372,907	372,907	459,879
Federal Funds	261,866	228,005	274,823	274,823	338,919
SUBTOTAL - (E) Indirect Cost Assessment	617,191	549,469	647,730	647,730	798,798
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	355,325	321,464	372,907	372,907	459,879
Federal Funds	261,866	228,005	274,823	274,823	338,919

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
TOTAL - (1) Management and Administration	81,946,595	82,813,501	89,441,956	101,965,469	89,344,630
<i>FTE</i>	<u>141.2</u>	<u>146.6</u>	<u>160.4</u>	<u>163.4</u>	<u>163.1</u>
General Fund	13,374,517	11,636,462	15,614,705	22,078,482	16,455,296
Cash Funds	35,617,995	35,601,228	32,995,676	33,327,065	33,897,273
Reappropriated Funds	10,702,728	16,754,374	25,105,842	30,681,386	25,204,795
Federal Funds	22,251,355	18,821,437	15,725,733	15,878,536	13,787,266

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
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(2) ASSISTANCE TO PUBLIC SCHOOLS

This section provides funding that is distributed to public schools and school districts, as well as funding for Department staff who administer this funding or who provide direct support to schools and school districts.

(A) Public School Finance

Administration	<u>1,621,008</u>	<u>1,702,643</u>	<u>1,764,489</u>	<u>1,814,201</u>	<u>1,754,244</u>
FTE	17.1	17.6	17.9	17.9	17.9
General Fund	0	0	0	0	0
Cash Funds	81,027	83,169	143,286	144,344	84,387
Reappropriated Funds	1,539,981	1,619,474	1,621,203	1,669,857	1,669,857
Federal Funds	0	0	0	0	0
Financial Transparency System Maintenance	<u>0</u>	<u>0</u>	<u>0</u>	<u>600,000</u>	<u>600,000</u>
Cash Funds	0	0	0	600,000	600,000
Additional Funding for Rural School Districts	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,000,000</u>	<u>0</u> *
Cash Funds	0	0	0	30,000,000	0
State Share of Districts' Total Program Funding	<u>3,979,778,973</u>	<u>4,115,127,505</u>	<u>4,225,007,024</u>	<u>4,459,475,817</u>	<u>4,459,475,817</u> *
General Fund	3,299,295,175	2,761,013,233	3,000,088,997	3,069,283,759	3,069,283,759
General Fund Exempt	0	830,201,667	923,068,333	923,068,333	923,068,333
Cash Funds	680,483,798	523,912,605	301,849,694	467,123,725	467,123,725
Hold-harmless Full-day Kindergarten Funding	<u>7,778,615</u>	<u>7,894,791</u>	<u>8,183,726</u>	<u>8,550,176</u>	<u>8,550,176</u> *
Cash Funds	7,778,615	7,894,791	8,183,726	8,550,176	8,550,176
District Per Pupil Reimbursements for Juveniles Held in Jail	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Cash Funds	0	0	10,000	10,000	10,000

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
At-risk Supplemental Aid	<u>5,006,308</u>	<u>4,700,867</u>	<u>5,094,358</u>	<u>5,094,358</u>	<u>5,094,358</u>
Cash Funds	5,006,308	4,700,867	5,094,358	5,094,358	5,094,358
At-risk Per Pupil Additional Funding	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Cash Funds	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Small Rural Districts Additional Funding	<u>10,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	10,000,000	0	0	0	0
SUBTOTAL - (A) Public School Finance	4,009,184,904	4,134,425,806	4,245,059,597	4,510,544,552	4,480,484,595
FTE	<u>17.1</u>	<u>17.6</u>	<u>17.9</u>	<u>17.9</u>	<u>17.9</u>
General Fund	3,299,295,175	2,761,013,233	3,000,088,997	3,069,283,759	3,069,283,759
General Fund Exempt	0	830,201,667	923,068,333	923,068,333	923,068,333
Cash Funds	708,349,748	541,591,432	320,281,064	516,522,603	486,462,646
Reappropriated Funds	1,539,981	1,619,474	1,621,203	1,669,857	1,669,857
Federal Funds	0	0	0	0	0

(B) Categorical Programs

(I) District Programs Required by Statute

Special Education - Children with Disabilities	<u>338,537,983</u>	<u>332,269,769</u>	<u>327,205,053</u>	<u>331,276,980</u>	<u>331,952,704</u> *
FTE	83.9	90.4	63.0	63.0	63.0
General Fund	71,572,347	71,572,347	71,572,347	71,572,347	71,572,347
Cash Funds	93,663,058	95,565,575	100,019,617	103,881,144	104,556,868
Reappropriated Funds	0	0	191,090	191,090	191,090
Federal Funds	173,302,578	165,131,847	155,421,999	155,632,399	155,632,399

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
English Language Proficiency Program	<u>27,269,957</u>	<u>27,611,429</u>	<u>31,521,469</u>	<u>32,655,877</u>	<u>32,853,407</u> *
FTE	2.6	4.1	4.6	4.6	4.6
General Fund	3,101,598	3,101,598	3,101,598	3,101,598	3,101,598
Cash Funds	15,041,326	15,684,186	17,181,450	18,309,083	18,506,613
Reappropriated Funds	0	0	0	0	0
Federal Funds	9,127,033	8,825,645	11,238,421	11,245,196	11,245,196
SUBTOTAL - (I) District Programs Required by					
Statute	365,807,940	359,881,198	358,726,522	363,932,857	364,806,111
FTE	<u>86.5</u>	<u>94.5</u>	<u>67.6</u>	<u>67.6</u>	<u>67.6</u>
General Fund	74,673,945	74,673,945	74,673,945	74,673,945	74,673,945
Cash Funds	108,704,384	111,249,761	117,201,067	122,190,227	123,063,481
Reappropriated Funds	0	0	191,090	191,090	191,090
Federal Funds	182,429,611	173,957,492	166,660,420	166,877,595	166,877,595
(II) Other Categorical Programs					
Public School Transportation	<u>58,321,985</u>	<u>57,179,306</u>	<u>58,101,722</u>	<u>59,337,549</u>	<u>59,549,150</u> *
FTE	2.0	2.0	2.0	2.0	2.0
General Fund	36,922,227	36,922,227	36,922,227	36,922,227	36,922,227
Cash Funds	21,399,758	20,257,079	21,179,495	22,415,322	22,626,923
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education	<u>25,436,648</u>	<u>25,639,363</u>	<u>26,164,481</u>	<u>26,599,207</u>	<u>26,675,279</u> *
General Fund	17,792,850	17,792,850	17,792,850	17,792,850	17,792,850
Cash Funds	7,643,798	7,846,513	8,371,631	8,806,357	8,882,429
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Education Programs for Gifted and Talented Children	<u>12,023,342</u>	<u>12,049,347</u>	<u>12,355,524</u>	<u>12,507,488</u>	<u>12,528,041</u> *
FTE	2.4	1.8	1.5	1.5	1.5
General Fund	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
Cash Funds	6,523,342	6,549,347	6,855,524	7,007,488	7,028,041
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Expelled and At-risk Student Services Grant Program	<u>7,434,927</u>	<u>7,487,442</u>	<u>7,493,560</u>	<u>9,497,338</u>	<u>9,493,560</u> *
FTE	1.3	1.1	1.0	1.0	1.0
General Fund	5,788,807	5,788,807	5,788,807	5,788,807	5,788,807
Cash Funds	1,646,120	1,698,635	1,704,753	3,708,531	3,704,753
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Small Attendance Center Aid	<u>959,379</u>	<u>1,076,550</u>	<u>1,076,550</u>	<u>1,076,550</u>	<u>1,076,550</u>
General Fund	787,645	787,645	787,645	787,645	787,645
Cash Funds	171,734	288,905	288,905	288,905	288,905

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Comprehensive Health Education	<u>972,961</u>	<u>942,030</u>	<u>1,005,396</u>	<u>1,132,566</u>	<u>1,131,396</u> *
FTE	1.7	0.8	1.0	1.0	1.0
General Fund	300,000	294,529	300,000	300,000	300,000
Cash Funds	672,961	647,501	705,396	832,566	831,396
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
SUBTOTAL - (II) Other Categorical Programs	105,149,242	104,374,038	106,197,233	110,150,698	110,453,976
FTE	<u>7.4</u>	<u>5.7</u>	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>
General Fund	67,091,529	67,086,058	67,091,529	67,091,529	67,091,529
Cash Funds	38,057,713	37,287,980	39,105,704	43,059,169	43,362,447
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
SUBTOTAL - (B) Categorical Programs	470,957,182	464,255,236	464,923,755	474,083,555	475,260,087
FTE	<u>93.9</u>	<u>100.2</u>	<u>73.1</u>	<u>73.1</u>	<u>73.1</u>
General Fund	141,765,474	141,760,003	141,765,474	141,765,474	141,765,474
Cash Funds	146,762,097	148,537,741	156,306,771	165,249,396	166,425,928
Reappropriated Funds	0	0	191,090	191,090	191,090
Federal Funds	182,429,611	173,957,492	166,660,420	166,877,595	166,877,595

(C) Grant Programs, Distributions, and Other Assistance

(I) Health and Nutrition

Federal Nutrition Programs	<u>190,883,847</u>	<u>193,322,921</u>	<u>156,554,412</u>	<u>156,585,942</u>	<u>156,585,942</u>
FTE	15.4	14.8	9.0	9.0	9.0
General Fund	75,101	85,618	88,564	92,786	92,786
Federal Funds	190,808,746	193,237,303	156,465,848	156,493,156	156,493,156

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
State Match for School Lunch Program	<u>2,472,644</u>	<u>2,472,644</u>	<u>2,472,644</u>	<u>2,472,644</u>	<u>2,472,644</u>
Cash Funds	2,472,644	2,472,644	2,472,644	2,472,644	2,472,644
Child Nutrition School Lunch Protection Program	<u>1,501,764 0.3</u>	<u>1,506,476 0.4</u>	<u>1,661,258</u>	<u>1,661,989</u>	<u>1,661,989</u>
General Fund	655,912	674,482	811,258	811,258	811,258
Cash Funds	845,852	831,994	850,000	850,731	850,731
Start Smart Nutrition Program Fund	<u>1,370,721</u>	<u>700,000</u>	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>
General Fund	1,370,721	700,000	900,000	900,000	900,000
Start Smart Nutrition Program	<u>938,120</u>	<u>952,399</u>	<u>1,300,000</u>	<u>1,300,373</u>	<u>1,300,373</u>
Cash Funds	52,509	400,000	400,000	400,000	400,000
Reappropriated Funds	885,611	552,399	900,000	900,373	900,373
Federal Funds	0	0	0	0	0
Breakfast After the Bell	<u>19,798</u>	<u>22,758</u>	<u>29,412,780</u>	<u>29,413,594</u>	<u>24,338</u>
FTE	0.1	0.3	0.3	0.3	0.3
General Fund	19,798	22,758	23,524	24,338	24,338
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	29,389,256	29,389,256	0
S.B. 97-101 Public School Health Services	<u>153,845</u>	<u>170,979</u>	<u>178,969</u>	<u>185,688</u>	<u>148,550</u> *
FTE	1.5	1.5	1.4	1.4	1.4
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	170,979	178,969	185,688	148,550
Federal Funds	153,845	0	0	0	0

JBC Staff Staff Figure Setting - FY 2018-19
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	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
School Health Professionals Grant Program	<u>2,229,507</u>	<u>2,229,808</u>	<u>11,970,783</u>	<u>11,944,543</u>	<u>11,930,434</u>
FTE	0.3	0.1	4.0	4.0	4.0
General Fund	0	0	0	0	0
Cash Funds	2,229,507	2,229,808	11,970,783	11,944,543	11,930,434
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
School Cardiopulmonary Resuscitation and Automated External Defibrillator Training Program	<u>2,201</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	0.0	0.0	0.0	0.0	0.0
Cash Funds	2,201	0	0	0	0
SUBTOTAL - (I) Health and Nutrition	199,572,447	201,377,985	204,450,846	204,464,773	175,024,270
FTE	<u>17.6</u>	<u>17.1</u>	<u>14.7</u>	<u>14.7</u>	<u>14.7</u>
General Fund	2,121,532	1,482,858	1,823,346	1,828,382	1,828,382
Cash Funds	5,602,713	5,934,446	15,693,427	15,667,918	15,653,809
Reappropriated Funds	885,611	723,378	1,078,969	1,086,061	1,048,923
Federal Funds	190,962,591	193,237,303	185,855,104	185,882,412	156,493,156
(II) Capital Construction					
Division of Public School Capital Construction					
Assistance	<u>664,344</u>	<u>1,080,105</u>	<u>1,382,625</u>	<u>1,407,245</u>	<u>1,407,245</u>
FTE	7.5	11.8	15.0	15.0	15.0
Cash Funds	664,344	1,080,105	1,382,625	1,407,245	1,407,245
Public School Capital Construction Assistance Board					
- Lease Payments	<u>54,418,487</u>	<u>45,873,514</u>	<u>75,000,000</u>	<u>75,000,000</u>	<u>75,000,000</u>
Cash Funds	54,418,487	45,873,514	75,000,000	75,000,000	75,000,000

JBC Staff Staff Figure Setting - FY 2018-19
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	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Public School Capital Construction Assistance Board					
- Cash Grants	<u>12,201,302</u>	<u>34,631,027</u>	<u>70,000,000</u>	<u>70,000,000</u>	<u>70,000,000</u>
Cash Funds	12,201,302	34,631,027	70,000,000	70,000,000	70,000,000
Financial Assistance Priority Assessment	<u>785,247</u>	<u>198,767</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Cash Funds	785,247	198,767	150,000	150,000	150,000
State Aid for Charter School Facilities	<u>22,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>
Cash Funds	22,000,000	25,000,000	25,000,000	25,000,000	25,000,000
SUBTOTAL - (II) Capital Construction	90,069,380	106,783,413	171,532,625	171,557,245	171,557,245
FTE	<u>7.5</u>	<u>11.8</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>
Cash Funds	90,069,380	106,783,413	171,532,625	171,557,245	171,557,245
(III) Reading and Literacy					
Early Literacy Competitive Grant Program	<u>5,176,398</u>	<u>4,980,279</u>	<u>5,197,604</u>	<u>5,219,998</u>	<u>5,219,998</u>
FTE	9.0	9.6	8.0	8.0	8.0
General Fund	0	0	0	0	0
Cash Funds	5,176,398	4,980,279	5,197,604	5,219,998	5,219,998
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Early Literacy Program Per Pupil Intervention					
Funding	<u>33,008,207</u>	<u>33,241,695</u>	<u>33,242,424</u>	<u>33,242,424</u>	<u>33,242,424</u>
FTE	0.0	0.0	1.0	1.0	1.0
Cash Funds	33,008,207	33,241,695	33,242,424	33,242,424	33,242,424
Early Literacy Assessment Tool Program	<u>2,795,730</u>	<u>2,978,866</u>	<u>2,997,072</u>	<u>2,997,072</u>	<u>2,997,072</u>
Cash Funds	2,795,730	2,978,866	2,997,072	2,997,072	2,997,072

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Adult Education and Literacy Grant Program	<u>946,471</u>	<u>961,375</u>	<u>961,444</u>	<u>968,863</u>	<u>968,863</u>
FTE	1.3	0.7	1.0	1.0	1.0
General Fund	0	961,375	961,444	968,863	968,863
Cash Funds	946,471	0	0	0	0
SUBTOTAL - (III) Reading and Literacy	41,926,806	42,162,215	42,398,544	42,428,357	42,428,357
FTE	<u>10.3</u>	<u>10.3</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>
General Fund	0	961,375	961,444	968,863	968,863
Cash Funds	41,926,806	41,200,840	41,437,100	41,459,494	41,459,494
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
(IV) Professional Development and Instructional Support					
Content Specialists	<u>451,095</u>	<u>477,003</u>	<u>810,740</u>	<u>820,335</u>	<u>479,495</u>
FTE	3.3	3.4	5.0	5.0	5.0
Cash Funds	451,095	477,003	810,740	820,335	479,495
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
School Bullying Prevention and Education Cash					
Fund	<u>2,000,000</u>	<u>900,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
General Fund	2,000,000	0	0	0	0
Cash Funds	0	900,000	2,000,000	2,000,000	2,000,000

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Office of Dropout Prevention and Student Reengagement	<u>4,108,953</u>	<u>1,017,278</u>	<u>2,018,414</u>	<u>2,022,341</u>	<u>2,022,341</u>
FTE	0.0	0.2	1.2	1.2	1.2
General Fund	2,000,000	0	18,414	21,922	21,922
Cash Funds	0	899,700	2,000,000	2,000,419	2,000,419
Reappropriated Funds	1,991,375	0	0	0	0
Federal Funds	117,578	117,578	0	0	0
Stipends for Nationally Board Certified Teachers	<u>1,189,496</u>	<u>1,139,934</u>	<u>1,384,000</u>	<u>1,384,000</u>	<u>1,384,000</u>
Cash Funds	1,189,496	1,139,934	1,384,000	1,384,000	1,384,000
Quality Teacher Recruitment Program	<u>2,967,000</u>	<u>2,502,500</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Cash Funds	2,967,000	2,502,500	3,000,000	3,000,000	3,000,000
Rural Teacher Recruitment and Grow Your Own Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,000,000</u>	<u>0</u> *
Cash Funds	0	0	0	8,000,000	0
English Language Learners Technical Assistance	<u>361,236</u>	<u>349,346</u>	<u>373,245</u>	<u>384,447</u>	<u>384,447</u>
FTE	4.6	3.7	5.0	5.0	5.0
General Fund	313,045	298,703	321,448	331,545	331,545
Cash Funds	48,191	50,643	51,797	52,902	52,902
English Language Proficiency Act Excellence Awards Program	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Cash Funds	500,000	500,000	500,000	500,000	500,000

JBC Staff Staff Figure Setting - FY 2018-19
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	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
English Language Learners Professional Development and Student Support Program	<u>27,000,000</u>	<u>27,000,000</u>	<u>27,000,000</u>	<u>27,000,000</u>	<u>27,000,000</u>
Cash Funds	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000
Advanced Placement Incentives Pilot Program	<u>259,522</u>	<u>260,608</u>	<u>260,931</u>	<u>260,931</u>	<u>0</u>
FTE	0.5	0.3	0.3	0.3	0.0
General Fund	0	0	0	0	0
Cash Funds	259,522	260,608	260,931	260,931	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
School Turnaround Leaders Development Program	<u>1,999,150</u>	<u>2,000,432</u>	<u>2,000,991</u>	<u>2,001,900</u>	<u>2,001,900</u>
FTE	0.7	0.4	1.2	1.2	1.2
Cash Funds	1,999,150	2,000,432	2,000,991	2,001,900	2,001,900
Computer Science Education Grants for Teachers	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>548,375</u>	<u>548,375</u>
FTE	0.0	0.0	0.4	0.4	0.4
Cash Funds	0	0	500,000	548,375	548,375
Educator Perception	<u>0</u>	<u>26,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	26,500	0	0	0
SUBTOTAL - (IV) Professional Development and Instructional Support	40,836,452	36,173,601	39,848,321	47,922,329	39,320,558
FTE	<u>9.1</u>	<u>8.0</u>	<u>13.1</u>	<u>13.1</u>	<u>12.8</u>
General Fund	4,313,045	325,203	339,862	353,467	353,467
Cash Funds	34,414,454	35,730,820	39,508,459	47,568,862	38,967,091
Reappropriated Funds	1,991,375	0	0	0	0
Federal Funds	117,578	117,578	0	0	0

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
(V) Facility Schools					
Facility Schools Unit and Facility Schools Board	<u>192,917</u>	<u>282,019</u>	<u>272,974</u>	<u>277,842</u>	<u>306,641</u>
FTE	2.6	2.3	3.0	3.0	3.0
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	192,917	282,019	272,974	277,842	306,641
Federal Funds	0	0	0	0	0
Facility School Funding	<u>14,013,515</u>	<u>13,705,499</u>	<u>14,508,589</u>	<u>14,508,589</u>	<u>15,987,271</u>
General Fund	0	0	0	0	0
Cash Funds	14,013,515	13,705,499	14,508,589	14,508,589	15,987,271
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
SUBTOTAL - (V) Facility Schools	14,206,432	13,987,518	14,781,563	14,786,431	16,293,912
FTE	<u>2.6</u>	<u>2.3</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
General Fund	0	0	0	0	0
Cash Funds	14,013,515	13,705,499	14,508,589	14,508,589	15,987,271
Reappropriated Funds	192,917	282,019	272,974	277,842	306,641
Federal Funds	0	0	0	0	0
(VI) Other Assistance					
Appropriated Sponsored Programs	<u>238,721,042</u>	<u>218,760,785</u>	<u>278,175,453</u>	<u>278,363,516</u>	<u>278,363,516</u>
FTE	71.9	70.9	68.7	68.7	68.7
Cash Funds	831,255	597,612	2,702,223	2,707,816	2,707,816
Reappropriated Funds	0	0	1,195,100	1,209,689	1,209,689
Federal Funds	237,889,787	218,163,173	274,278,130	274,446,011	274,446,011

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
School Counselor Corps Grant Program	<u>9,998,279</u>	<u>9,991,766</u>	<u>10,000,000</u>	<u>10,002,802</u>	<u>10,002,802</u>
FTE	2.9	3.1	2.0	2.0	2.0
Cash Funds	9,998,279	9,991,766	10,000,000	10,002,802	10,002,802
BOCES Funding per Section 22-5-122, C.R.S.	<u>3,287,932</u>	<u>3,282,779</u>	<u>3,308,255</u>	<u>3,310,782</u>	<u>3,310,782</u>
FTE	0.8	0.8	1.0	1.0	1.0
Cash Funds	3,287,932	3,282,779	3,308,255	3,310,782	3,310,782
Contingency Reserve Fund	<u>0</u>	<u>1,233,048</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,000,000</u>
General Fund	0	63,863	1,000,000	1,000,000	0
Cash Funds	0	1,105,322	0	0	1,000,000
Reappropriated Funds	0	63,863	1,000,000	1,000,000	0
Federal Funds	0	0	0	0	0
Supplemental On-line Education Services	<u>480,000</u>	<u>960,000</u>	<u>1,020,000</u>	<u>1,020,000</u>	<u>1,020,000</u>
Cash Funds	480,000	960,000	1,020,000	1,020,000	1,020,000
Interstate Compact on Educational Opportunity for Military Children	<u>23,015</u>	<u>20,619</u>	<u>20,619</u>	<u>20,619</u>	<u>19,182</u>
General Fund	0	0	0	0	0
Cash Funds	23,015	20,619	20,619	20,619	19,182
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
College and Career Readiness	<u>166,630</u>	<u>164,865</u>	<u>181,145</u>	<u>187,029</u>	<u>187,029</u>
FTE	1.5	1.4	2.0	2.0	2.0
General Fund	166,630	164,865	181,145	187,029	187,029

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Colorado Student Leaders Institute Pilot Program	<u>218,825</u>	<u>218,825</u>	<u>218,825</u>	<u>218,825</u>	<u>218,825</u>
Cash Funds	218,825	218,825	218,825	218,825	218,825
Career Development Success Pilot Program	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u> *
General Fund	0	0	1,000,000	2,000,000	2,000,000
SUBTOTAL - (VI) Other Assistance	252,895,723	234,632,687	295,924,297	297,123,573	296,122,136
<i>FTE</i>	<u>77.1</u>	<u>76.2</u>	<u>73.7</u>	<u>73.7</u>	<u>73.7</u>
General Fund	166,630	228,728	2,181,145	3,187,029	2,187,029
Cash Funds	14,839,306	16,176,923	17,269,922	17,280,844	18,279,407
Reappropriated Funds	0	63,863	2,195,100	2,209,689	1,209,689
Federal Funds	237,889,787	218,163,173	274,278,130	274,446,011	274,446,011
SUBTOTAL - (C) Grant Programs, Distributions, and Other Assistance	639,507,240	635,117,419	768,936,196	778,282,708	740,746,478
<i>FTE</i>	<u>124.2</u>	<u>125.7</u>	<u>129.5</u>	<u>129.5</u>	<u>129.2</u>
General Fund	6,601,207	2,998,164	5,305,797	6,337,741	5,337,741
Cash Funds	200,866,174	219,531,941	299,950,122	308,042,952	301,904,317
Reappropriated Funds	3,069,903	1,069,260	3,547,043	3,573,592	2,565,253
Federal Funds	428,969,956	411,518,054	460,133,234	460,328,423	430,939,167
(D) Indirect Cost Assessment					
Indirect Cost Assessment	<u>2,529,155</u>	<u>2,650,303</u>	<u>2,650,303</u>	<u>2,650,303</u>	<u>3,249,636</u>
Cash Funds	25,000	25,000	25,000	25,000	25,000
Reappropriated Funds	55,571	55,571	55,571	55,571	55,571
Federal Funds	2,448,584	2,569,732	2,569,732	2,569,732	3,169,065

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
SUBTOTAL - (D) Indirect Cost Assessment	2,529,155	2,650,303	2,650,303	2,650,303	3,249,636
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	25,000	25,000	25,000	25,000	25,000
Reappropriated Funds	55,571	55,571	55,571	55,571	55,571
Federal Funds	2,448,584	2,569,732	2,569,732	2,569,732	3,169,065
TOTAL - (2) Assistance to Public Schools	5,122,178,481	5,236,448,764	5,481,569,851	5,765,561,118	5,699,740,796
<i>FTE</i>	<u>235.2</u>	<u>243.5</u>	<u>220.5</u>	<u>220.5</u>	<u>220.2</u>
General Fund	3,447,661,856	2,905,771,400	3,147,160,268	3,217,386,974	3,216,386,974
General Fund Exempt	0	830,201,667	923,068,333	923,068,333	923,068,333
Cash Funds	1,056,003,019	909,686,114	776,562,957	989,839,951	954,817,891
Reappropriated Funds	4,665,455	2,744,305	5,414,907	5,490,110	4,481,771
Federal Funds	613,848,151	588,045,278	629,363,386	629,775,750	600,985,827

JBC Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
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(3) LIBRARY PROGRAMS

This section provides funding for various library-related programs. Library programs are primarily funded with General Fund and federal funds. Cash funds include grants and donations. Transfers from the Disabled Telephone Users Fund support privately operated reading services for the blind and are reflected as reappropriated funds.

Administration	<u>920,541</u>	<u>1,042,164</u>	<u>1,077,426</u>	<u>1,117,534</u>	<u>1,117,534</u>
FTE	10.1	10.7	14.3	14.3	14.3
General Fund	796,803	810,208	823,566	862,238	862,238
Cash Funds	123,738	231,956	253,860	255,296	255,296
Federal Library Funding	<u>2,761,501</u>	<u>2,880,840</u>	<u>3,089,065</u>	<u>3,126,491</u>	<u>3,126,491</u>
FTE	25.3	23.7	23.8	23.8	23.8
Federal Funds	2,761,501	2,880,840	3,089,065	3,126,491	3,126,491
Colorado Library Consortium	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
General Fund	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Colorado Virtual Library	<u>353,628</u>	<u>359,796</u>	<u>379,796</u>	<u>379,796</u>	<u>379,796</u>
General Fund	353,628	359,796	359,796	359,796	359,796
Cash Funds	0	0	20,000	20,000	20,000
Colorado Talking Book Library, Building					
Maintenance and Utilities Expenses	<u>68,708</u>	<u>89,677</u>	<u>90,660</u>	<u>90,660</u>	<u>90,660</u>
General Fund	68,708	89,677	90,660	90,660	90,660
Reading Services for the Blind	<u>410,000</u>	<u>410,000</u>	<u>760,000</u>	<u>410,000</u>	<u>560,000</u>
General Fund	50,000	50,000	50,000	50,000	50,000
Cash Funds	0	0	0	0	0
Reappropriated Funds	360,000	360,000	710,000	360,000	510,000
Federal Funds	0	0	0	0	0

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
State Grants to Publicly-Supported Libraries Program	<u>2,495,099 0.5</u>	<u>2,498,245 0.5</u>	<u>2,500,000</u>	<u>2,501,519</u>	<u>2,501,519</u>
General Fund	2,495,099	2,498,245	2,500,000	2,501,519	2,501,519
Indirect Cost Assessment	<u>55,327</u>	<u>55,327</u>	<u>55,327</u>	<u>55,327</u>	<u>55,327</u>
Federal Funds	55,327	55,327	55,327	55,327	55,327
TOTAL - (3) Library Programs	8,064,804	8,336,049	8,952,274	8,681,327	8,831,327
FTE	<u>35.9</u>	<u>34.9</u>	<u>38.1</u>	<u>38.1</u>	<u>38.1</u>
General Fund	4,764,238	4,807,926	4,824,022	4,864,213	4,864,213
Cash Funds	123,738	231,956	273,860	275,296	275,296
Reappropriated Funds	360,000	360,000	710,000	360,000	510,000
Federal Funds	2,816,828	2,936,167	3,144,392	3,181,818	3,181,818

JBC Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
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(4) SCHOOL FOR THE DEAF AND THE BLIND

This section provides operational funding for the Colorado School for the Deaf and the Blind (CSDB), which provides educational services for hearing impaired/deaf and visually impaired/blind children. The primary source of funding is the General Fund. For each student eligible for funding under the School Finance Act, the CSDB receives funding from each student's "home" school district. Reappropriated funds reflect program funding that would otherwise be paid to the home school district (from the Facility School Funding section above), as well as federal funds transferred from local school districts. Cash funds consist of fees paid by individuals for workshops and conferences and housing reimbursements.

(A) School Operations

Personal Services	<u>10,120,936</u>	<u>10,491,538</u>	<u>10,523,084</u>	<u>10,703,518</u>	<u>10,703,518</u> *
FTE	133.6	135.7	153.1	153.1	153.1
General Fund	8,580,073	8,880,680	8,868,984	9,049,418	9,037,993
Cash Funds	0	0	0	0	0
Reappropriated Funds	1,540,863	1,610,858	1,654,100	1,654,100	1,665,525
Federal Funds	0	0	0	0	0
Early Intervention Services	<u>1,185,635</u>	<u>1,223,251</u>	<u>1,226,824</u>	<u>1,237,922</u>	<u>1,237,922</u>
FTE	10.0	10.0	10.0	10.0	10.0
General Fund	1,185,635	1,223,251	1,226,824	1,237,922	1,237,922
Shift Differential	<u>110,479</u>	<u>104,188</u>	<u>114,584</u>	<u>120,452</u>	<u>120,452</u>
General Fund	110,479	104,188	114,584	120,452	120,452
Operating Expenses	<u>724,989</u>	<u>663,972</u>	<u>668,291</u>	<u>668,291</u>	<u>668,291</u>
General Fund	724,989	663,972	668,291	668,291	668,291
Vehicle Lease Payments	<u>14,534</u>	<u>14,350</u>	<u>22,963</u>	<u>29,931</u>	<u>29,931</u> *
General Fund	14,534	14,350	22,963	29,931	29,931

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Utilities	<u>487,724</u>	<u>579,224</u>	<u>602,580</u>	<u>602,580</u>	<u>602,580</u>
General Fund	487,724	579,224	602,580	602,580	602,580
Allocation of State and Federal Categorical Program					
Funding	<u>129,425</u>	<u>127,038</u>	<u>170,000</u>	<u>170,000</u>	<u>170,000</u>
FTE	0.2	0.4	0.4	0.4	0.4
Reappropriated Funds	129,425	127,038	170,000	170,000	170,000
Medicaid Reimbursements for Public School Health					
Services	<u>249,190</u>	<u>287,902</u>	<u>403,244</u>	<u>404,371</u>	<u>404,371</u>
FTE	1.2	1.3	1.5	1.5	1.5
Reappropriated Funds	249,190	287,902	403,244	404,371	404,371
SUBTOTAL - (A) School Operations	13,022,912	13,491,463	13,731,570	13,937,065	13,937,065
FTE	<u>145.0</u>	<u>147.4</u>	<u>165.0</u>	<u>165.0</u>	<u>165.0</u>
General Fund	11,103,434	11,465,665	11,504,226	11,708,594	11,697,169
Cash Funds	0	0	0	0	0
Reappropriated Funds	1,919,478	2,025,798	2,227,344	2,228,471	2,239,896
Federal Funds	0	0	0	0	0

(B) Special Purpose

Fees and Conferences	<u>460</u>	<u>34,306</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
Cash Funds	460	34,306	120,000	120,000	120,000
Outreach Services	<u>383,155</u>	<u>450,159</u>	<u>1,025,000</u>	<u>1,027,669</u>	<u>1,027,669</u>
FTE	3.2	2.9	6.2	6.2	6.2
Cash Funds	296,366	338,863	755,000	756,463	756,463
Reappropriated Funds	86,789	111,296	270,000	271,206	271,206

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Tuition from Out-of-state Students	<u>64,086</u>	<u>51,060</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Cash Funds	64,086	51,060	200,000	200,000	200,000
Grants	<u>530,826</u>	<u>453,585</u>	<u>1,202,331</u>	<u>1,205,705</u>	<u>1,205,705</u>
FTE	3.7	1.8	9.0	9.0	9.0
Reappropriated Funds	530,826	453,585	1,202,331	1,205,705	1,205,705
SUBTOTAL - (B) Special Purpose	978,527	989,110	2,547,331	2,553,374	2,553,374
FTE	<u>6.9</u>	<u>4.7</u>	<u>15.2</u>	<u>15.2</u>	<u>15.2</u>
Cash Funds	360,912	424,229	1,075,000	1,076,463	1,076,463
Reappropriated Funds	617,615	564,881	1,472,331	1,476,911	1,476,911
TOTAL - (4) School for the Deaf and the Blind	14,001,439	14,480,573	16,278,901	16,490,439	16,490,439
FTE	<u>151.9</u>	<u>152.1</u>	<u>180.2</u>	<u>180.2</u>	<u>180.2</u>
General Fund	11,103,434	11,465,665	11,504,226	11,708,594	11,697,169
Cash Funds	360,912	424,229	1,075,000	1,076,463	1,076,463
Reappropriated Funds	2,537,093	2,590,679	3,699,675	3,705,382	3,716,807
Federal Funds	0	0	0	0	0
TOTAL - Department of Education	5,226,191,319	5,342,078,887	5,596,242,982	5,892,698,353	5,814,407,192
FTE	<u>564.2</u>	<u>577.1</u>	<u>599.2</u>	<u>602.2</u>	<u>601.6</u>
General Fund	3,476,904,045	2,933,681,453	3,179,103,221	3,256,038,263	3,249,403,652
General Fund Exempt	0	830,201,667	923,068,333	923,068,333	923,068,333
Cash Funds	1,092,105,664	945,943,527	810,907,493	1,024,518,775	990,066,923
Reappropriated Funds	18,265,276	22,449,358	34,930,424	40,236,878	33,913,373
Federal Funds	638,916,334	609,802,882	648,233,511	648,836,104	617,954,911



JBC Staff FY 2018-19 Figure Setting Department of Education

Presented by:
Craig Harper, JBC Staff
March 13, 2018

Divisions Included in Staff Figure Setting Document



Management and
Administration
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Assistance to Public
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School for the Deaf and
the Blind
(Page 141)

Overview

Staff Recommendation

\$5.814 billion total funds
\$4.172 billion General Fund
601.6 FTE

Department Request

\$5.893 billion total funds
\$4.179 billion General Fund
602.2 FTE

3 Staff-initiated Changes

9 Department Requested Changes

↓ ↓

12 Department and Staff Decision Items

(includes decision items, budget amendments, and staff-initiated changes)

(1) Management and Administration (p.8)

(includes 5 subdivisions)

Change Requests

- ☐ R3 Staffing Information Management Systems (p.8)
- ☐ R4 State Board Meeting Transcription (p.12)
- ☐ R6 CSI Mill Levy Equalization (p. 12)
- ☐ Staff-initiated Assessment Line Item Adjustments (p.15)

Line Items, Base Appropriations, and Other Changes

- ☐ (1) Management and Administration (p.17-50)

(2) Assistance to Public Schools (p.51)

(includes 4 subdivisions)

Change Requests

- ☐ R1/BA1/BA4 Total Program Increase (p.51)
- ☐ R2 Categorical Programs Increase (p.56)
- ☐ R7 Career Development Success Pilot Increase (p. 65)
- ☐ BA2 HCPF Interagency Agreement (p.66)
- ☐ BA3 Rural Teacher Recruitment and Grow Your Own Program (p.68)
- ☐ Staff Initiated Facility School Adjustment (p.71)
- ☐ Staff Initiated Breakfast After the Bell Adjustment (p.73)

Line Items, Base Appropriations, and Other Changes

- ☐ (2) Assistance to Public Schools (p.74-133)



(3) Library Programs (p.133)

Change Requests
None

Line Items, Base Appropriations, and Other Changes

□ (3) Library Programs (p.135-141)



(4) Colorado School for the Deaf and the Blind (p.141)

(includes 2 subdivisions)

Change Requests

- ☐ R5 CSDB Teacher Salary Increase (p.143)
- ☐ CSDB Program Review Update (p.143)

Line Items, Base Appropriations, and Other Changes

- ☐ (4) School for the Deaf and the Blind (p.144-151)

Long Bill Footnotes and RFIs (p.152)

Long Bill Footnotes

- 5 Recommendations (p.152)

Requests for Information

- 3 Recommendations (p.154)



JBC Staff FY 2018-19 Figure Setting Department of Education

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March 13, 2018